

BUSINESS WEEK

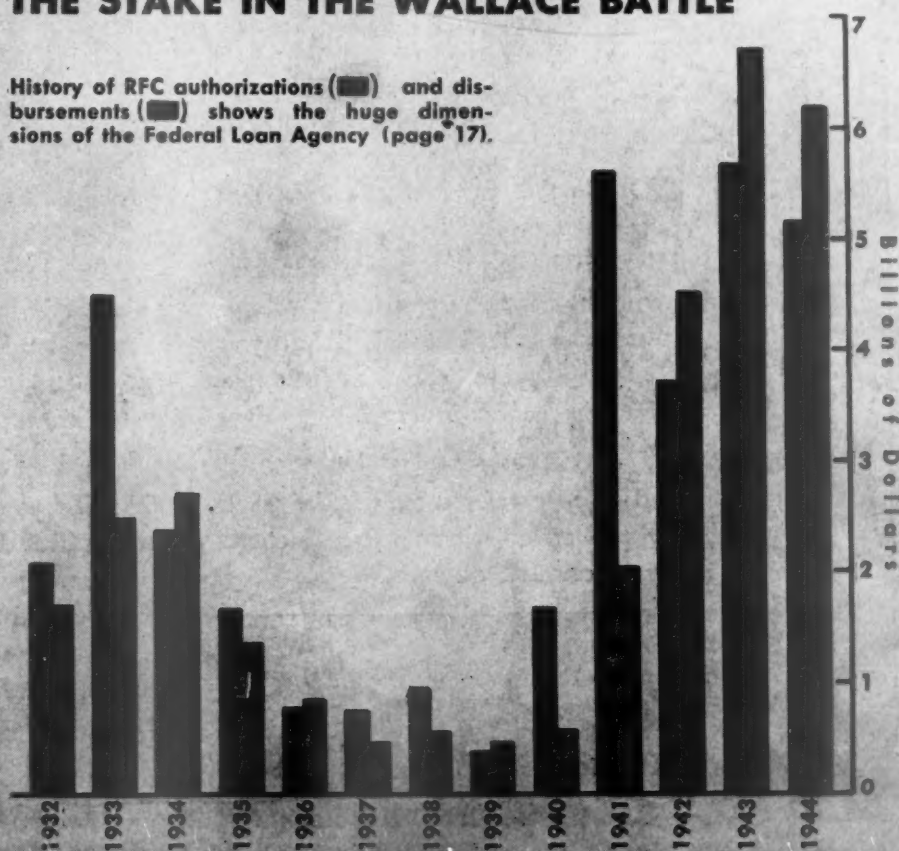
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THE STAKE IN THE WALLACE BATTLE

History of RFC authorizations (■) and disbursements (■) shows the huge dimensions of the Federal Loan Agency (page 17).



START
OF WAR
1939

SINCE
WEEK
DEX

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You can't win a war or peace in 30 hours

TO win the war and lose the peace would mock and insult every dead soldier. "Winning the peace" includes an America of jobs, opportunity, a high and secure standard of living. And you don't "win a peace" and then have it—you must keep on winning it every day, every week, every year—or you lose it.

And the only way you can win the peace is by production — *efficient* production. Every American has to win *his* peace for

himself. Politicians and bureaucrats can't do it for you. Only your own brain and hands. The more you produce *efficiently*, the lower its cost; the lower its cost, the more people there are all over the world who will buy and use it; the more who use it, the more secure your job and the more your value.

The *less* you produce, the higher its cost—in lives during war, in dollars during peace. The higher its cost, the fewer and fewer who can buy it, the fewer and fewer jobs there are to produce it. That's just simple arithmetic.

When you cut your production, you're heading yourself for a breadline and all the laws, bureaus and so-called leaders in the world can't help you.

Soldiers and sailors are fighting the war for you; the peace is something only you can fight and win for yourself.

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&
SWASEY
Turret Lathes
Cleveland



YOU CAN MACHINE IT BETTER, FASTER, FOR LESS . . . WITH A WARNER & SWASEY



15-ton splash launched by a half-inch rubber hose

A typical example of B. F. Goodrich improvement in rubber

BEFORE you could spade a flower bed this giant truck can zip 15 tons of rock from excavation to dam embankment. But then how unload it without hours of back-breaking labor?

To dump it by tipping takes 1000 pounds of hydraulic pressure to lift the load. This pressure requires a flexible tubing to adjust itself to the moving truck body. Flexible metal tubing was tried—and broke.

B. F. Goodrich whose very first product 70 years ago was hose, had developed a rubber hose reinforced with wire for many uses in industry. Would this be strong enough?

But 1000 pounds is a lot of pressure—it forces wire wrapping of most hose to unwind which lets the rubber expand and burst. B. F. Goodrich engineers began experiments for stronger hose. Using steel wire as fine as a hair, they developed a new way of braiding it in the hose, using a fifth of a mile of wire for every foot of rubber tubing. No matter how suddenly the pressure is applied this wire cannot unwind—the rubber is always clamped in a mesh of steel.

One touch on a lever by the truck driver and a thousand-pound heave pours through this new B. F. Goodrich

hose . . . up goes the huge truck body, and out pours its 15-ton load.

It takes less than six feet of the hose per truck. But B. F. Goodrich research is applied to small jobs as well as large, standard products as well as new developments. Whatever rubber product you use, it pays to find out from your distributor what improvements B. F. Goodrich has made in it recently. *The B. F. Goodrich Company, Industrial Products Division, Akron, Ohio.*

B. F. Goodrich
FIRST IN RUBBER



PROTECTING PRODUCTION PROMISES

Loading and unloading cars, keeping machines and assembly lines adequately supplied 24 hours a day are jobs in which the battery industrial truck excels because of its inherent dependability and high availability.

With batteries exchanged two or three times a day, the truck is kept continuously supplied with power. While one battery is being charged,

another operates the truck. Except for the few minutes needed to change batteries, the truck need not stop for servicing the power unit. Its electric-motor drives have a minimum of wearing parts and are inherently simple and trouble-free. The truck starts instantly; accelerates smoothly; operates quietly; gives off no fumes; consumes no power during stops. Thus it is well adapted to the stop-and-go characteristics of material-handling work. Not only does it make efficient use of power but the current used for battery charging is the lowest-cost power available.

Altogether the battery industrial truck is one of the most dependable and most economical methods of handling materials—especially when powered by Edison Alkaline Batteries. With steel cell construction, a solution that is a natural preservative of steel, and a foolproof principle of operation, they are the most durable, longest lived, and most trouble-free of all types of batteries. *Edison Storage Battery Division of Thomas A. Edison, Inc., West Orange, New Jersey.*

In Industrial Trucks, Alkaline Batteries Give You These Important Advantages

- They are durable mechanically; grids, containers and other structural parts of the cells are of steel; the alkaline electrolyte is a preservative of steel.
- They can be charged rapidly; gassing cannot dislodge the active materials.
- They withstand temperature extremes; are free from freezing hazard; are easily ventilated for rapid cooling.
- They are foolproof electrically; are not injured by short circuiting, reverse charging or similar accidents.
- They can stand idle indefinitely without injury. Merely discharge, short-circuit, and store in a clean, dry place.
- They are simple and easy to maintain.



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BUSINESS WEEK

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PRODUCTION DILEMMA

Russia's victories in eastern Europe put U. S. production officials in a tight spot. In public, they have to campaign for still greater production and more sacrifices on the home front. In private, they can't shut their eyes to the fact that the military outlook has shifted again, that the war in Europe might end almost overnight instead of dragging on through most of 1945.

Letdown This Time

Regardless of the Soviet victories, the official home-front line isn't likely to change again until Germany is broken completely and indisputably.

For one thing, the recent boost in production schedules is due as much to the step-up in the Japanese war as to the heavy going in Europe. For another, the Army, having guessed wrong once, is determined to plan for a war of indefinite duration in Europe. And, at present, the Army is calling the home-front tune.

Civilian officials are under flat White House orders to do no speculating about possible end to the German war.

Pacific War Stressed

In any case, the home-front psychological campaign (BW-Jan.13'45,p7) has gone too far to allow another quick shift of direction. The public is just beginning to respond to measures such as the brownout, the ban on horse racing, and the tougher draft policies.

Even officials who expect a quick end to the European war don't dare start talking reconversion now. Instead, they are talking about the increased demands that the Japanese war is making on production, but nobody seriously thinks that one war will eat up as much munitions as two.

WPB EXPANDS CURB

WPB is going doggedly ahead with a five-point program designed to tighten manpower and production controls. The main features of this latest plan line up like this:

(1) All prime contracts that would require an increase in employment ceilings will have to be approved by the Area Production Urgency Committee before they can be placed in a Group I labor area.

(2) The same thing goes for most subcontracts involving more than \$100,000 (BW-Jan.27'45,p5).

(3) The ban on spot authorization of civilian production is extended to include Group II labor areas as well as Group I.

(4) Restrictions on construction will be tightened. Some construction projects may be stopped where they are.

(5) As much as possible, WPB will back up the War Manpower Commission's program for reducing employment ceilings of nonessential industries in critical areas (page 90). Just how much WPB can do along this line is anybody's guess.

Plans Under Cover

From the Army's viewpoint, the tightened controls and increased production schedules are a huge insurance policy against another bad break in Europe. If the war ends suddenly, the expanded goals will make the impact just that much harder. Production officials realize this and are trying to plan for it, but for the present their planning has to stay under cover.

STRATEGY IN WARD CASE

The Administration will not try for legislation to strengthen its plant seizure powers until the Supreme Court has reviewed the Montgomery Ward case (page 20).

Government lawyers hope to get a fairly prompt reversal of the district court's opinion, which held that the President had no authority to take over the big distributor for refusal to comply with a National War Labor Board order. If appeal fails, the battle will then shift to Congress.

As a result of the beating in the lower court, NWLB now is more sympathetic toward the idea of giving its rulings some sort of legal authority. The board has prized highly its status as an advisory agency because that kept courts from reviewing its opinions.

When War Mobilization Director James F. Byrnes proposed making its rulings enforceable through the courts (BW-Jan.6'45,p9), NWLB was no more than lukewarm. If the Supreme Court should rule against the government in the Ward case, NWLB probably will change its mind.

JOB DRAFT FADING

Prospects of manpower legislation with teeth in it were on the downgrade at midweek, although the Administra-

tion had rallied its forces in Congress and expected to push the Bailey-May "work or else" bill through the House.

Final version of the legislation—if any—will be written in the Senate where the opposition is determined to water down the compulsory features of the House bill. Just what comes out of the Senate will depend largely on the progress of the war in the next few weeks (BW-Jan.27'45,p5).

With the Russian offensive in full swing, the Army can expect a chilly reception if it uses the same arguments—the prospects of a long war in Europe and the critical production situation at home—that it presented to the House.

SCREWS ON FRENCH AID

Within the space of a week, the Army has short-circuited promises of Harry Hopkins, Special Assistant to the President and Roosevelt's advance man for the Big Three conference, by putting the screws on plans for aid to France.

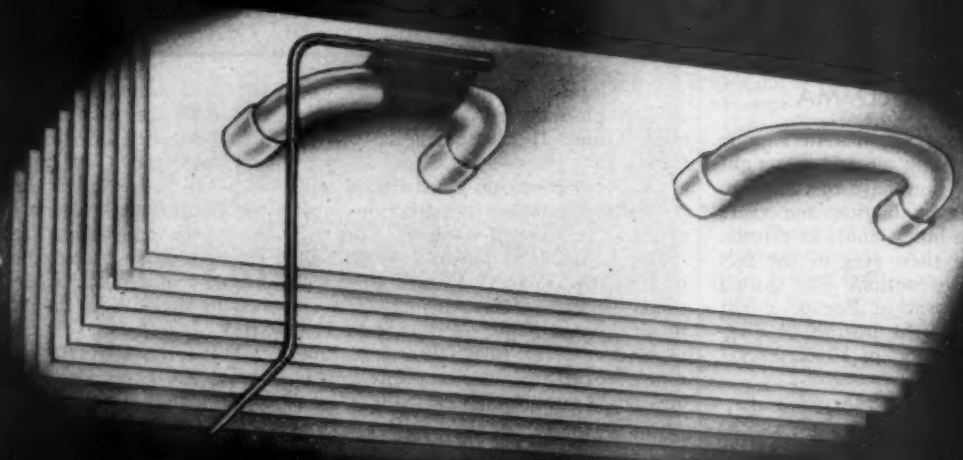
At Hopkins' insistence, the government agreed to turn over 26 Liberty ships to France to carry raw materials from the U. S. to supply French factories (BW-Jan.27'45,p111). With Hopkins and other high personages away from Washington, the War Dept., which had opposed the ship deal, persuaded Acting Secretary of State Joseph C. Grew that Hopkins had made a mistake.

Instead of the ships, the French will now get only assurances of shipping space equivalent to 26 ships (250,000 tons for three months) and the promise of some ships from current production to be manned by French crews. The rub is that both deals may be scuttled if "military necessity" intervenes—and that intervention now seems likely. In addition to the ship deal, the French have been turned down on their request for the lend-lease cargoes the ships were to carry.

PATENT DATA SOUGHT

Justice Dept.'s Antitrust Division has written letters to a number of companies in technologically young industries, such as plastics, aircraft manufacturing, synthetic fibers, and light metals, suggesting that they submit patent licensing agreements for the government's review.

Object is to see that patent restraints

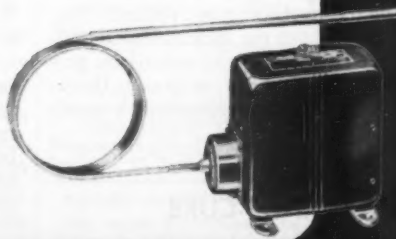


Proper Temperature Control - SAVES!

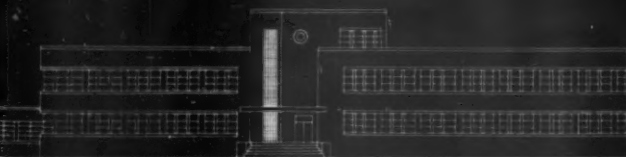
• Spoilage and shrinkage attack refrigerated food supplies IF temperatures are not regulated properly. Thus there is a need for a simple, low-cost, highly-efficient automatic control. One capable of maintaining *extremely close regulation of box temperature . . . capable of securing proper coil defrost . . . capable of holding humidity to a desired level* for all commercial "above-freezing" applications. A big order, but . . .

Penn's answer to this tough problem is . . . AVRGAIRE . . . a compact temperature control incorporating a single, new-type bulb applied in an entirely *new and different manner*. Look at the above picture . . . see how one end of the temperature bulb is clamped on the refrigerating coil while the balance is brought down and under . . . simple, isn't it? Yet this new concept of bulb application solves the problem . . . gives *better control* because the bulb is influenced by the *average temperature* of both coil and air.

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BUSINESS V

keep these industries from realizing their full potentials in the reconstruction and postwar periods, specifically hindering the entry of new companies.

Antitrust officials stress the "voluntary" aspects of the plan. But they deny that any company which refuses to cooperate will be suspected of trust violation.

K CUTS REMOTE

For the period between the end of the German war and the final victory over Japan, congressional leaders think the most taxpayers can hope for is a 10% horizontal reduction (page 10). In the first years of peace, they probably will have to be satisfied with reduction of the excess-profits tax, elimination of some excises, and a small reduction in personal income tax rates. Percentagewise, the biggest cuts are likely to come at the upper and lower ends of the scale. Middle bracket taxpayers, as usual, will be the last to get substantial relief.

BUYING CURB URGED

WPB is now urging voluntary rationing of clothing. Idea is that retailers should limit customers to two pairs of men's shorts, women's slips, baby's clothes, etc.

Officials hint that if retailers don't take the initiative in curbing overbuying of clothing and other textiles, WPB and OPA may be forced to tip the public off at anyone who buys heavily now is a sucker since the two agencies' joint program is expected to bring lower-priced, better-quality merchandise onto the market in the next few months (BW—Jan. 27'45, p16).

WPB and OPA mean business. Present estimates of both agencies are that the program will get going by the middle of this month.

TEXTILE PRICE FIGHT

The smoldering row between OPA and the cotton textile industry is about to break wide open.

The trouble stems from the industry's dissatisfaction with OPA's interpretation of the Bankhead amendment to the stabilization act, which was designed to push cotton to parity (BW—Jul. 1'44, p16). Textile interests backed the amendment, believing that it would

force OPA to raise prices on cotton fabrics all along the line. But OPA moved shrewdly, increasing prices on only a few constructions. With the Bankhead act boosting raw cotton prices, the textile industry found itself losing money on the deal.

A fortnight ago the industry took its troubles to Capitol Hill. The Cotton Textile Institute, industry association, brought New England congressmen together and leveled the familiar charge of "profit control" at OPA.

Price Administrator Chester Bowles got mad. Emboldened by his success in turning aside the stove industry's complaint of a price squeeze (BW—Jan. 6'45, p78), he decided to try another frontal attack. His office is now preparing a letter to all congressmen which lays out the industry's profit position on the line in terms calculated to chill congressional sympathies.

This may also jeopardize the chances of the textile men to get the price in-

creases they say they must have if the National War Labor Board decides to raise textile workers' wages (BW—Jan. 13'45, p102).

RIVERS BILL MOVES ALONG

Anxious to salt down its pork, the Senate passed a \$381,000,000 rivers and harbors bill this week. By agreement with the House, the bill was stripped of controversial projects such as the Tennessee-Tombigbee waterway and the Beaver-Mahoning canal.

Also dropped was the Elliott rider to exempt California's Central Valley project from the reclamation law which prohibits distribution of government-developed irrigation water to land holdings over 160 acres (BW—Jan. 13'45, p39).

The Central Valley fight will shift to a bill, sponsored by the Interior Dept., which, though aimed at ultimate disintegration of the large land companies,

CCC Maps Farm Subsidy Program

The Commodity Credit Corp. will try to maintain the current level of farm prices through June, 1946.

CCC is working in confident expectation that Congress will raise its borrowing power substantially and also make good its estimated losses of \$1,100,000,000 through next June (BW—Jan. 6'45, p17).

• **Received Calmly**—No bellow of complaint whatever came from the Senate Banking Committee this week when War Food Administrator Marvin Jones presented his multibillion subsidy program. The committee lost no time in approving a bill which would increase CCC's borrowing power from \$3,000,000,000 to \$4,500,000,000. The agency had asked for \$5,000,000,000.

Sen. Robert A. Taft, who last year spearheaded the anti-Administration attack on farm subsidies, contended that an increase of \$1,500,000,000 would be sufficient. The Ohio senator now says that he is not opposed to subsidies, merely wants to hold them to reasonable limits. His attitude points to continuation of consumer rollback subsidies on meat, butter, and flour, which to date amount to \$900,000,000.

• **Big Dairy Subsidy**—The committee-approved bill includes an \$845-

000,000 limit, as proposed by Taft, on planned CCC subsidies during the year beginning July 1. About \$500,000,000 would be paid to dairy farmers, in lieu of an increase in prices of milk and butterfat. The remainder would be spent on commitments to support prices of soybeans, peanuts, sugar cane, sugar beets, canning vegetables, dried fruits, dry beans, and other products.

CCC's actual out-of-pocket losses in supporting farm prices may run much larger, to the extent that a decline in the general price level after V-E Day compels government purchase of commodities for eventual sale below cost.

• **Owns Large Stocks**—More than \$1,000,000,000 already is tied up in CCC inventories—notably in 3,500,000 bales of cotton, 100,000,000 bu. of wheat, and large stocks of perishables.

Besides extending CCC's life through June, 1947, and increasing its borrowing power, bills pending in both Senate and House would permit CCC to sell "nonbasic perishable commodities" below parity. The Senate bill would remove a restriction under which CCC may sell no more than 1,500,000 bales of its surplus cotton in a year.

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BOOM FOR SHAREHOLDERS

Common stockholders of companies liable to the "death sentence" imposed by the Public Utility Holding Company Act are protected in their claims to a portion of the assets of liquidated companies by the Supreme Court decision this week in the United Light & Power Co. case.

The high court upheld the Securities & Exchange Commission, which has insisted throughout its history that liquidation of a holding company does not necessarily mature its security issues.

Under the decision, in cases where a company could, if it were to continue in existence, meet preferred obligations and have some equity left over for common shares, SEC may allot to common stockholders a "fair and equitable" portion of the assets, even though charter provisions of the liquidated company forbid such division.

CAPITAL GAINS (AND LOSSES)

The State Dept. isn't entirely averse to having the Justice Dept. twist the British lion's tail. The antitrust action against the British-dominated diamond cartel, filed this week, was cleared with the State Dept. several months ago.

Professional consumer groups are alarmed by the appointment of Jean Carroll, former OPA food price chief, as public relations counsel for the Grocery Manufacturers of America. Carroll headed opponents of grade labeling in OPA, and is expected to step up G.M.A.'s program to discredit grade labeling of canned goods and other commodities.

OPA will shortly ask Congress for more money to help cover the cost of enforcing the new livestock (page 24) and textile price ceilings.

Officials organizing and enforcing the brownout on outdoor commercial lighting wish that War Mobilization Director James F. Byrnes had allowed exemptions in areas where natural gas and hydroelectric power are plentiful. The campaign has become an administrative headache.

Men back from Europe report that the soldiers don't like the Army's new combat boot (which requires 2½ times as much leather as shoes), because it gets soggy and hasn't been issued in sizes big enough for extra socks. The soldiers prefer canvas boots—waterproof, lighter, and warmer.

—Business Week's
Washington Bureau



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THE OUTLOOK

BUSINESS WEEK
FEBRUARY 3, 1945



The American public this week got its first view of the campaign for giving a big slice of the rubber market back to the British and Dutch.

Tipoff was the prediction of a big surplus problem—a surplus of 1,300,000 tons some years after the war. This presumes 1,500,000-ton production of natural rubber plus present world capacity of more than 1,300,000 tons of synthetic.

These figures, plus a prediction that world needs in peacetime will not exceed 1,500,000 tons annually, were made public by conferees as the current British-Dutch-American talks in Washington drew to a close. Incidentally, consumption of 1,500,000 tons a year would be 50% over prewar use.

The case, thus stated, is one for three-power cooperation in handling the rubber surplus.

Territories under the British and Dutch flags, in a good prewar year, did a \$350,000,000 business in rubber. (That represented 90% of a million-ton market—50% for Britain and 40% for the Netherlands.)

Meanwhile, the United States has invested some \$800,000,000 in synthetic rubber. This represents capacity of around 1,000,000 tons annually, or about 40% more than we used in a good prewar year.

Chief topic at the earlier London discussions and the current Washington parleys has been how much of the United States' new synthetic capacity would continue in production after the war.

It now seems certain that our State Dept. is at least tentatively committed to retiring a lot of the U. S. plant. The argument will be, and it is true up to a point, that natural beats synthetic for many uses.

Rubber men in the United States voice four good arguments against rushing away from synthetic and back to natural after the war.

(1) Most of our synthetic plants will be able to compete with plantation rubber very nicely as to price (BW—Jul. 1'44, p10).

(2) The industry should be kept running to prevent a repetition of the crisis we have been through with Far Eastern output in enemy hands.

(3) Quality of synthetic, from a versatility standpoint, will improve after war demands for a standard product are met (BW—Sep. 23'44, p10).

(4) The plantations in Malaya and the Netherlands Indies can't get back to maximum production for many months and, maybe, years.

That the United States may have to depend on synthetic rubber for a long time is strongly argued by F. B. Davis, Jr., chairman of the United States Rubber Co.

Speaking before the Economic Club of Detroit on Monday, he expressed doubt that natural rubber output will reach 600,000 tons in the first year after the Japs are whipped. He estimated, further, that it will take five years to bring output up to postwar world needs of 1,500,000 tons a year.

Davis figures the peacetime world will want between 300,000 and 700,000 tons of synthetic, 800,000 to 1,200,000 tons of natural.

U. S. Rubber Co., incidentally, is on both sides of the argument—as a big synthetic producer and largest single plantation owner in the world.

Predictions in the War Production Board are that the Army's full replacement needs for very heavy truck tires will be fully met by the end of the

THE OUTLOOK (Continued)

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year. Present output is only 50%, and the midyear rate is guessed at 70%.
The shortage means civilian autos will continue to go without (page 46).

Resumption of civilian goods production, even on a limited basis, is getting set back further and further.

The amount of steel available in the first quarter under the spot authorization plan was cut from 250,000 tons of carbon and 25,000 tons of alloy to 150,000 and 10,000 some time ago. Now stainless steel is out altogether.

Deliveries of machine tools for reconversion have been halted, too.

Some companies, however, see a silver lining. **They figure that, when they reconvert, it will be on a volume basis; consequently, profit margins will be wider than if they were to put out a dribble of civilian items now.**

Moreover, they hope the tax bite will be smaller when they get going.

Supplies of plastics are getting tighter and tighter. Particularly phenolics and ureas based on formaldehyde.

Nonessential civilian items such as ash trays, jewelry, and poker chips have been out of luck on plastics for quite a while. Now even articles classed as essential—closures, adhesives—are having trouble.

Don't count your profits saved through tax reductions until the postwar cut has passed both houses of Congress.

Some of the soundest thinkers on Capitol Hill hold that budgets will continue huge in the transition from war to peace. This, they contend, means less-than-expected cuts in corporate and individual income taxes.

The one consolation for a big budget, it should be noted, is large Treasury outgo. This means, in turn, maintenance of individual incomes and a crutch for the national economy.

Federal expenditures in the calendar year 1947 will run \$45,000,000,000, give or take a couple of billions.

That's the view of leaders who will have a major hand in writing the postwar tax law. And they are calculating on the basis of Germany's falling this spring, Japan twelve months later.

In their view, a 45-billion-dollar budget would split almost down the middle between normal and military costs, with the military half covering benefits for veterans. And a peacetime budget of 20 to 22 billions, without veterans' care or debt reduction, tops going estimates in business circles.

This Washington view, however, is the darkest possible. War expenditures, to run 22 to 25 billions in a year starting some eight months after Japan's defeat, must be written up very considerably by items such as continued munitions outlays and settlement of canceled contracts as well as by allowing for a big standing Army and Navy.

As to the regular expenditures, to top 20 billions these would have to include a deep cushion for public works as transitional relief. That is true even after making hefty allowances for the cost of the program to support farm prices and for a full-fledged cradle-to-grave program.

It would seem, on analysis, that the indeterminate items are all somewhat high in these estimated expenditures.

Business Week's figures indicate expenditures, in the year beginning six months after Japan's fall, of 35 to 40 billions (BW—Jul. 1'44, p120).

FIG

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BUSINESS

FIGURES OF THE WEEK

THE INDEX (see chart below). *230.5 †230.9 231.4 235.1 239.8

PRODUCTION

Steel Ingot Operations (% of capacity).....	90.1	92.6	95.8	96.5	96.8
Production of Automobiles and Trucks.....	20,765	20,720	20,005	19,620	18,250
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$3,671	\$3,834	\$4,725	\$7,144	\$7,102
Electric Power Output (million kilowatt-hours).....	4,577	4,588	4,226	4,391	4,524
Crude Oil (daily average, 1,000 bbl.).....	4,727	4,734	4,706	4,608	4,409
Bituminous Coal (daily average, 1,000 tons).....	1,993	†2,025	1,813	1,998	2,108

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	80	80	79	84	78
All Other Carloadings (daily average, 1,000 cars).....	50	50	48	67	55
Money in Circulation (Wednesday series, millions).....	\$25,175	\$25,209	\$25,335	\$22,584	\$20,387
Department Store Sales (change from same week of preceding year).....	+11%	†+14%	+35%	+11%	+15%
Business Failures (Dun & Bradstreet, number).....	16	16	22	19	24

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	252.5	253.0	254.5	250.0	248.4
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	166.2	166.4	166.4	165.1	161.3
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	224.4	223.5	223.3	223.1	220.1
Finished Steel Composite (Steel, ton).....	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$19.17
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.65	\$1.62	\$1.63	\$1.53	\$1.63
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.74¢	3.74¢
Cotton (middling, ten designated markets, lb.).....	21.34¢	21.59¢	21.72¢	21.25¢	20.52¢
Wool Tops (New York, lb.).....	\$1.340	\$1.340	\$1.340	\$1.340	\$1.294
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	106.9	106.0	105.6	101.2	93.8
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.44%	3.45%	3.48%	3.56%	3.74%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.68%	2.69%	2.70%	2.72%	2.74%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	‡%	‡%	‡%	‡%	‡-‡%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	35,987	35,686	35,042	33,503	34,813
Total Loans and Investments, reporting member banks.....	59,620	59,635	59,737	57,065	50,287
Commercial and Agricultural Loans, reporting member banks.....	6,377	6,415	6,518	6,088	6,369
Securities Loans, reporting member banks.....	3,389	3,471	4,016	3,153	2,133
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	44,554	44,393	43,803	42,460	36,585
Other Securities Held, reporting member banks.....	2,879	2,891	2,948	2,878	2,801
Excess Reserves, all member banks (Wednesday series).....	1,200	1,300	1,400	1,280	1,023
Total Federal Reserve Credit Outstanding (Wednesday series).....	19,220	19,310	19,821	15,124	12,385

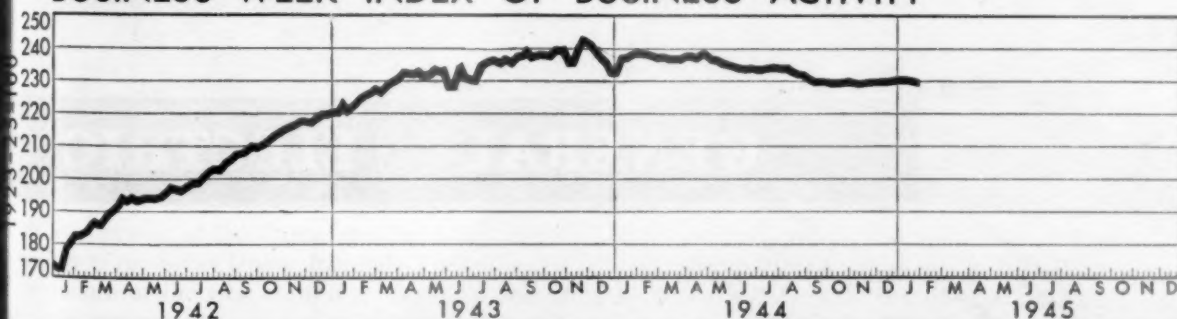
Preliminary, week ended January 27.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



There is no one ideal plastic material. Because of the variety of available plastic materials, each with clearly defined characteristics, the General Electric Company has installed facilities for the manufacture of various types for molding and fabricating in its five plants. Careful selection of the right material is all important.

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A G-E Plastic technician KNOWS plastics.

BUY WAR BONDS

GENERAL  ELECTRIC

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Battle for Postwar Unity

Businessman's guide to Big 3 conference shows Allies far apart on vital issues. Roosevelt will use economic power of U.S. to get agreement on security plan that can be sold at home.

The most decisive conference of this war—the long-awaited Roosevelt-Stalin-Churchill meeting—has become the center of world speculation.

Unlike the momentous Teheran meeting, this is not a council of war. Instead, it is mainly a council of peace at which the Big Three will determine whether the world is going to fall into a series of competing power blocs or be organized into a new collective security organization.

Get Ready for Rumors—Because all the world will be anxiously awaiting the results and since no official report will be made until the meeting is over and the principal conferees have dispersed, all kinds of wild rumors will be heard during the next few weeks.

For this reason it is important that business leaders understand the main issues which are at stake and have some knowledge of the bargaining position of each of the key negotiators.

Four Big Problems—Four basic problems are necessarily on the agenda—though attention will focus principally on two of them:

(1) Strategy for the windup of the war against the Nazis.

(2) Agreement on the treatment of conquered Germany—on both a short- and a long-term basis.

(3) Compromise of Big Three differences on means of maintaining the peace—based on the Dumbarton Oaks plan.

(4) Plans for speeding the war in the Pacific so that the over-all peace program can be put in full operation.

On the first and fourth points not a great deal of discussion will be necessary.

Two Chief Issues—The two real issues around which the Big Three conference will hinge are the handling of defeated Germany, and agreement on a peace plan, including a pattern of operation in liberated territory until some long-term security program is worked out in detail.

What can be expected as a plan for handling defeated Germany is a question, because the conferees enter this meeting poles apart in their thinking.

Russia's Position—The Russians, for example, have all along demanded a minimum of industrial-target bombing in eastern Europe. Presumably either they have wanted the plants left avail-

able for transfer to Russia to replace war-wrecked Soviet factories, or they have wanted them left in shape for production of Moscow-dictated equipment which will be a part of a huge reparations program.

Second key Russian demand on the Reich inevitably is going to be for labor reparations—the actual transfer of German workers to the Soviet Union to help rebuild the cities and transport installations which they destroyed during the war (BW—Nov. 20 '43, p15).

Contrary Votes—In direct contrast with these schemes, neither British nor American industry is likely to be willing to accept any large reparations payments—in goods or in labor supply—because of the possible repercussion on home markets.

Roosevelt is known to favor a drastic program of decentralization of German industry, with the removal of the heavy industries which twice have provided Germans with the equipment necessary to wage a war.

British View—Churchill, on the other hand, is likely to reflect a widely held British view that it may be potentially far more dangerous to take away German industry and pave the way for a desperate shift toward communism than it is to leave all except a few selected industries in the Reich but put them under rigid international control so that they could, under no circumstances, be used for the secret rearming of the Reich.

Far more complex, however, is the



With the opening of the Dardanelles for Allied supply shipments to the Soviet Union, Istanbul—Turkish capital at the mouth of the vital channel to the Black Sea—is slated to become one of the world's busiest ports. Through it will pass a mass of lend-lease goods handled

until recently by the motor transports of Persian Gulf Command, and which will go now by ship direct to Soviet Black Sea ports. Also through the strait may pass—according to the London Times—the conferees to join Stalin in the Big Three conference on Russian soil.



WATER SCARCITY AMIDST PLENTY

Surrounded by an abundant supply of water in the form of snow, a reservoir at Columbus, Ohio, shows low watermarks of a winter drought that's hampering war production and holding residents on short rations. Caused by recurring cold waves that keep snows from melting—following summer dry spells—the water scarcity closed the Curtiss-Wright plane plant at Columbus one day last week, shut schools and unessential industries. Officials ordered self-rationing—particularly on baths—among the city's 300,000 population when pressures in mains dipped about 50% below normal. Columbus needs 41,000,000 gal. daily.

task of agreeing on a long-term international security program.

Basis for discussion is the Dumbarton Oaks plan.

• **Skeptical Allies**—Both Stalin and Churchill doubt the President's ability to sell the plan to Congress in any form bold enough to be effective.

As a result, the Russians have so far followed a policy of settling all issues in the way they felt necessary to guarantee their security in case the Dumbarton Oaks plan collapses.

Instead of waiting for joint Allied decisions on what is to be done in liberated areas, the Russians have installed governments to their liking, insisted on unquestioned return of all territory taken from them after the last war, promised—without consultation—to indemnify Poland for territory taken by Russia by handing the Poles East Prussia and a slice of eastern Germany, and refused flatly to accept either the Yugoslav or the Polish government-in-exile.

• **Where Churchill Followed Suit**—Fearful that Russia's determined unilateral policy may yet win, London fumblingly attempted in Greece to shift from Atlantic Charter technique

to the same bold, unilateral pattern.

Genuinely alarmed, Roosevelt warned London that the U. S. would have nothing to do with such methods—either in Greece or in Italy.

Then Britain retaliated with a brief but bitter government-inspired press campaign against this country.

• **Roosevelt's Job**—Behind it all is the desperate determination by the President to sell his Dumbarton Oaks plan to Stalin and Churchill, despite their almost insurmountable skepticism, with enough concessions from them on major issues to be able to sell the final program to the U. S. Senate.

Real job confronting the President then is to find some way of bribing the Russians into submitting major issues of territorial adjustment to United Nations action, of reaching an agreement on uniform procedures to be followed in liberated areas so that the local populations will have a fair chance to choose their own governments, of acting jointly in settling all major postwar disputes, and of drawing up a security pact acceptable to small as well as large nations.

• **Bargaining Points**—To win this he is prepared to bargain with this country's

huge reservoir of credit, its huge market for foreign raw materials, its enormous stocks of surplus material.

Russia's blunt request for \$6,000,000,000 in long-term postwar credits, quietly supplemented already by a \$10,000,000,000 request from Britain to help revive Empire economy, suggests what it is going to cost Washington to sell its program.

• **Historic Moment**—As to the remaining two points on the agenda, it is clear now that the strategy drawn at Teheran for the defeat of Hitler need not be greatly changed.

Russian troops have swept through the Balkans to the southern gateway to the Reich at Vienna, and across Poland to within a few miles of Berlin. Hitler's "little Ruhr" (in Silesia) is in their hands or within range of their guns. The Nazis' last great breadbasket—Poland and East Prussia—is gone.

• **West and South, Too**—But the outlook in the west is a little less gloomy. Von Rundstedt's bold breakthrough has saved the Ruhr for a few more weeks, but Allied armies have already wiped out that abortive effort to turn the tide of war. A new Allied drive is fewer than 50 miles from the heart of the Ruhr industrial stronghold.

Rumors from Berlin that Nazi troops are being withdrawn from Italy provide evidence that Hitler is readying himself for a final desperate, but futile, stand within Germany itself.

Nothing but a few final refinements of last-minute strategy for finishing the job in Germany remain to be decided by the Big Three.

• **Stalin and the Pacific**—On the question of the war in the Pacific, Stalin is likely to make no commitment, though Roosevelt and Churchill will unquestionably try to uncover the terms on which the Russians might ultimately agree to participate.

But whether Stalin commits himself or not, it is clear from recent Soviet press jibes at Japan that the Russians no longer fear a conflict with Tokyo. And it is worth remembering that the crucial test of Moscow's real intention will come on or before Apr. 13 when action must be taken on renewal of the Soviet-Japanese neutrality pact.

• **And Then Chiang**—What is most likely now is that Roosevelt and Churchill will proceed from the Stalin meeting to one with Chiang Kai-shek where plans for the next year's campaign against the Nipponese will be outlined. It is significant that General Patrick Hurley, U. S. Ambassador to Chungking, did not return to Washington in January, as was expected. It now seems possible that he will turn up with the Generalissimo somewhere along the conference route.

RFC—Big Prize in Wallace Row

Power of agency's vast resources to shape the nation's social and economic future makes the lending job, not the Commerce post, the chief objective in battle on Capitol Hill.

Sitting in the seats of the mighty this week, while the Wallace-Jones feud continued to boil away on Capitol Hill, was Wayne Chatfield Taylor, Acting Secretary of Commerce and Acting Federal Loan Administrator.

• **Limelight by Coincidence**—Taylor has played the stand-in role before; last April, as Jesse Jones' deputy, Under Secretary Taylor served temporarily as successor to Sewell Avery of Montgomery Ward & Co. (BW—Apr. 29 '44, p104) on the first occasion of the government's seizure of the Chicago mail-order plant for flouting National War Labor Board orders (page 20).

Management of the Commerce Dept., and the lending agency which still a part of it, was voluntarily turned over to Taylor by Jones last week in the uproar that followed President Roosevelt's nomination of Henry Wallace, former vice-president, as Jones' successor.

• **Loan Policies at Issue**—Out of the ensuing political melee, one fact stands out certain, and that is that Senate ac-

tion on Wallace's nomination and on divorcing Federal Loan Agency from the Commerce Dept. will not settle the deep-seated controversy over the policies and practices to be laid down for the vast financial domain ruled by Jones for a dozen years.

Much will turn on the type of man the Senate will accept at Roosevelt's hands as Jones' successor in the lending agency, and on how much Congress may pare the Reconstruction Finance Corp.'s powers, now that Capitol Hill has been brought to a full awareness of their potentialities.

The country's whole business structure will be affected by the manner in which RFC's vast resources—and its present stake in industry—are manipulated. These can be utilized, as Jones himself testified, to control both the size and the nature of the country's future economy.

• **RFC Is Real Prize**—It now seems a better than even bet that regardless of what happens in filling the Secretary of Commerce job, the lending agency will

be reestablished as an independent outfit. That's the job to watch, not the cabinet spot.

Even before the war, Jesse Jones considered the Federal Loan Agency a greener pasture than the Commerce Dept. In 1940, when the President offered him the job of Secretary of Commerce, Jones refused to budge until he got special permission from Congress to take with him the whole collection of lending bureaus that were then operating under the Federal Loan Agency.

Lawyers are engaged in briskly debating whether the Federal Loan Agency still exists, and if so, what agencies come under it. But the real prize is not the loan agency but the RFC, its main component.

• **Some Agencies Transferred**—RFC first came under the Federal Loan Agency in 1939 when it was decided to set up a catchall for the various federal credit agencies. Besides RFC and its subsidiaries, the loan agency's initial lineup included the Federal Home Loan Bank Board, Home Owners Loan Corp., Federal Savings & Loan Insurance Corp., Federal Housing Administration, Electric Home & Farm Authority, and the Export-Import Bank of Washington.

Wartime reshuffling trimmed down the list of Jones' agencies, but left him the RFC. Early in 1942, Roosevelt transferred residential construction ac-



Charles T. Fisher, Jr.

Charles B. Henderson

Howard J. Klossner

Henry A. Mulligan

Sam H. Husbands

Jesse Jones' Men Friday Take a Bow

To the public, Jesse Jones and the Reconstruction Finance Corp. have been synonymous; away from the limelight are five men—RFC's directors—who operate the vast machinery of the corporation. In his testimony last week before the Senate Commerce Committee, Jones described the five as follows:

Fisher: "... A Republican ... generally handling RFC loans. ... He was one of the Fisher crowd in Detroit ... is president now of the National Bank of Detroit—biggest bank outside Chicago. He is a nonworking president now."

Henderson: "... A Democrat from California—or Nevada,

I guess. ... He was a businessman in Nevada, a banker interested in mining, et cetera."

Klossner: "... A Republican from Minnesota ... had been a bank examiner, I think, worked in banks, and I don't know what else. ... He is a working director."

Mulligan: "... This red-faced Irishman. ... He was brought into the corporation ... when it was first set up ... as assistant treasurer. ... He is the ablest man, in my opinion, in Washington."

Husbands: "... Came from South Carolina. ... He was a small-town banker and a very able young man, one of the best in the world."

tivities to the new National Housing Agency, and consolidated what was left of the Federal Loan Agency with the Commerce Dept., strictly a paper transaction. Later, he shifted the Export-Import Bank to the Foreign Economic Administration which was formed after the first round of the Jones-Wallace feud. Meanwhile, the Electric Home & Farm Authority had gone into liquidation, its job having been to finance distribution of electrical and gas apparatus.

As far as Jones was concerned, all this was discarding deuces and drawing kings. The swiftly expanding RFC and its subsidiaries soon overshadowed everything else, including the Dept. of Commerce.

• **Born in 1932**—Origins of the RFC go back to the tag end of the Hoover Administration. Congress set it up early in 1932 as a special agency to help depression-stricken business by making loans or advancing money in other ways, principally to banks.

When the Roosevelt Administration moved into Washington, it found that the RFC made an obliging financial handyman. In the early days of the New Deal, RFC credit was used to backstop the Federal Deposit Insurance Corp. (although FDIC never had to call on it), to rescue insolvent drainage and irrigation districts, to advance funds to states for public works, to get railroads through reorganization, and for a variety of other odd jobs.

When national defense replaced recovery as the country's greatest job, the Administration promoted RFC to even bigger work. To Jones and his organization went a large part of the job of building war plants, accumulating stockpiles of strategic materials, and financing conversion of industry. RFC's powers were expanded accordingly.

BROWNOUT WORKS

Proof that the nationwide brownout, which went into effect on Thursday, will really attain its objective of saving appreciable quantities of coal has been offered by Lansing, Mich.

On Jan. 15 the city's municipally owned utility system conducted a 24-hour trial brownout, adhering strictly to the provisions of WPB order U-9 under which public illumination is drastically restricted.

Compared with a normal day, electric power consumption in the 100,000-population city declined 28,000 kwh. Saving: 17 tons of coal.



• **Billions in Loans**—Altogether, RFC's commitments since 1932 add up to \$35,167,000,000 (including advances to subsidiaries). Against this, it has actually disbursed \$30,423,000,000 (see cover).

These figures understate the full size of RFC activities because they do not include revolving fund operations of subsidiaries or authorizations by subsidiaries not yet translated into a request on RFC for funds. As a rough estimate, RFC says that its commitments for all operations since it first hung out its sign in 1932, come to about \$48,000,000,000. Of this, some \$32,000,000,000 has been authorized for war purposes, \$16,000,000,000 for nonwar. Of the \$30,000,000,000 disbursed so far, \$18,000,000,000 has been for war, \$12,000,000,000 for nonwar. Repayments have come to about \$17,000,000,000, with \$9,000,000,000 of it from war activities.

RFC's latest balance sheet shows total assets of about \$10,500,000,000 which is somewhat more than the combined total resources of the two largest banks in the country (Chase, \$5,160,000,000; Bank of America, \$4,599,000,000). All except \$1,000,000,000 of RFC's assets are represented by a single entry—"loans." By far the biggest takers of these loans are RFC's own subsidiaries, which have carried on most of its wartime operations.

• **Network of Subsidiaries**—These subsidiaries form a complicated network of corporations clustering around the central holding company. Three of them—Disaster Loan Corp., Federal National Mortgage Assn., and the RFC Mortgage Co.—were set up to help their parent in its prewar work and have little to do

LOOKING AHEAD

"Today is the zero hour. Either Los Angeles will astonish the world in physical progress or succumb to mere corpulence. The conclusive struggle for industrial independence from the East is on." Thus Clifford E. Clinton, 44, colorful and successful operator of the city's "brotherly love" restaurants (no charge if not satisfied), opens an unconventional campaign for mayor. Clinton, a self-styled missionary to America, has won strong support in his fight against gangsters, backed the last reform government, but doesn't think it went far enough. A capable businessman, he has been a food consultant to the Army. Angelenos think his administration might be brilliant but erratic.

today. After the war, they may take new lease on life.

Five others carry the burden of RFC's war work and hold most of the property it has acquired in the past five years. From the postwar viewpoint, they are the instruments through which policy will work. They are:

Defense Plant Corp. This agency has made commitments for war plants, machine tools and facilities, which total \$10,705,000,000. Of this, \$7,178,000,000 has been paid out already, \$758,000,000 canceled. The rest is still in the mill.

DPC now owns 920 complete plants which cost \$6,055,000,000, and it has an interest in 122 expansions of plants where \$740,000,000 worth of government property has been added to the facilities of private contractors. In all, DPC, and other federal agencies, actually own one-fifth of the nation's productive capacity (Report to Executive BW—Jan. 19'43, p.53).

More important still, from a postwar standpoint, DPC has been named the disposal agent to handle all sales of government-owned plants and machine tools. It will have to take its policy cue from the new Surplus Property Board (BW—Dec. 2'44, p.15), but within fairly broad limits it will be free to call the tune on the actual selling. The manufacturer who wants to buy a government plant after the war will submit bids and bargain for terms with DPC.

Defense Supplies Corp. This agency handles the purchase of strategic materials, including aviation gasoline, alcohol, wool, cotton fabrics, sugar. So far it has authorized about \$9,500,000,000

expenditures, has paid out some \$200,000,000, and collected \$3,600,000 on resales and repayments. It handles payment of subsidies on wheat, butter, flour, crude oil, and other commodities.

Rubber Reserve Co. This unit handles the government's \$700,000,000 investment in synthetic rubber plants—another touchy postwar problem. It deals in scrap rubber and imports of rubber, as well.

Metals Reserve Co. This is the agency that buys, sells, and stockpiles critical metals. It administers the premium price plan for extra payments to original producers. Metals Reserve Co.'s total purchases so far run to \$2,000,000,000, with resales to industry \$1,313,000,000. Stockpiles are now valued at \$538,600,000.

War Damage Corp. This bureau has insured about \$140,000,000,000 worth

of property from damage by enemy action (BW—Jan.6'45,p54).

• **Interlocking Directorates**—All the RFC subsidiaries are completely owned by the mother corporation. Their directorates interlock almost 100%, which means that the key men are the five RFC directors. These men (page 17), together with their principal jobs, as identified by Jones last week in his testimony before the Senate Commerce Commission, are: Chairman Charles B. Henderson (Metals Reserve Co.); Howard J. Klossner (Rubber Reserve Co.); Henry A. Mulligan (Defense Supplies Corp.); Sam H. Husbands (Defense Plant Corp.); and Charles T. Fisher, Jr. (RFC Mortgage Co.). Their terms expire in January, 1946.

The subsidiaries get their money by borrowing from the parent. And RFC in turn gets its money by giving its notes to the U. S. Treasury. In the

past it has sometimes sold its government-guaranteed obligations direct to the public.

• **Broad Lending Powers**—RFC's authority—and the borrowing power that goes with it—have never been explored completely. The broad congressional grants of authority empower it to make almost any kind of loan, to engage in manufacture, to buy land, materials, or property of any sort.

Indeed, in his testimony before the Senate committee last week, Jones said: "We can lend anything that we think we should—any amount, any length of time, any rate of interest, and to anybody that we feel is entitled to the loan." Through its holdings of corporate securities, RFC can have a voice in the management of some of the country's biggest businesses, particularly the railroads.

RFC under the Jones management has

Behind the Wallace Program—A Postwar New Deal

Thoughtful businessmen who have studied Henry A. Wallace's testimony before the Senate Commerce Committee are wasting little time over Washington's favorite opposing theories of why the President let Jesse Jones have a letter that put Wallace's nomination to Commerce on a barefaced political basis (BW—Jan.27'45,p15).

They don't think it matters whether Roosevelt intended (1) to maneuver Congress into disembarassing him of a troublesome creditor, or (2) to drag a red herring across a trail of presidential moves toward agreement with Wallace's ideas once the peace treaties are safely through the Senate.

• **What's Really Important**—They know that, either way and however the present political circus ends, they will still have to deal with the program that Wallace set forth in his testimony. For they have recognized in it the emerging postwar New Deal, something that could be bigger than Wallace or Roosevelt, something that may realign parties and escape national bounds.

To summarize their understanding of Wallace's statement, stripped of its political verbiage, some of them have turned to a quotation from Sir William Beveridge, the British postwar planner, significantly cited by Wallace in a recent New Republic article on Sen. James E. Murray's proposed "Full Employment Act of 1945" (BW—Jan.20'45,p7):

"Employment depends on outlay. . . . During peace the bulk of the outlay can, and in a free society will, continue to be private. But the ultimate responsibility for seeing that the outlay as a whole, taking public and private outlay together, is sufficient to set up a demand for all the labor seeking employment, must be taken by the state, because no other authority or person has the requisite powers."

• **"Guarantees"**—In Wallace's enlargement upon this theory before the Senate committee, these businessmen find a philosophy of government which holds that the government can and must use its influence and revenues to guarantee: (1) work for everybody who wants it, (2) rising postwar wages, with hourly rates increasing as hours of work go down, (3) a floor under farm prices with insurance against crop failure, (4) adequate housing for everyone, (5) nationwide insurance against the hazards of old age, accidents, sickness, and unemployment, (7) free technical and higher, as well as secondary, education, (8) full protection of business against unfair competition and monopoly both at home and abroad.

Along with the emphasis on private enterprise is read a determination to "implement and supplement" the efforts of private enterprise by the free use of the federal credit to guarantee—and possibly to make—loans to approved new enterprises, loans for plant expansion, industrial construction, and the undertaking of business risks that local

banks will not share under (said Wallace) present bank examining rules. Also in the picture is "socialized investment" in residential construction, in the provision of research, health, and educational facilities, and in the financing of export trade.

• **Public Works**—This would be governmental management of the framework within which private enterprise operated; governmental intervention for the promotion, guidance, and balancing of private enterprise. It would be, above all, governmental responsibility without limit for the maintenance of full employment—and Wallace's version included a schedule of public works for release whenever employment dropped below 57,000,000.

Reading between the lines of his statement, these businessmen see an intention to make the Dept. of Commerce the chief agency for applying such a program to industry and for setting up statistical controls on that application. And the Iowan left no question of how the powers and resources of the Federal Loan Agency would be adapted to the plan.

• **Postwar Issue**—As Wallace himself pointed out, political theory is moving in this direction in England and Australia. Proposals like his are also the essence of new deals discussed in liberated Europe. With or without him, business expects to see Washington tempted down this trail and to confront the question of how far in many a postwar election.

always used its powers cautiously—too cautiously to suit many of Jones' critics. The former Secretary of Commerce kept a careful eye out for a paying proposition. Whenever Congress forced him to sit in on a losing game, he was careful to get his notes canceled afterward. Thus, in 1938 Congress directed the Treasury to tear up \$2,700,000,000 in RFC notes representing advances to relief agencies, transfer of funds to other government organizations, and the like. Presumably RFC will ask for the same treatment to compensate for the losses it will certainly take on some of its wartime investments.

• **How Small Business Fared**—Under Jones' handling, the RFC actually has made a profit, at least on paper. It started with a capitalization of \$500,000,000. In 1940 it retired \$175,000,000 of this. Its balance sheet now shows a surplus of over \$400,000,000, after a provision for losses and contingencies.

The Jones caution often has kept RFC from fanning out into lines that would have expanded its power at the risk of spoiling its income record. Small business has never found the RFC willing to hand out money on the easy terms it wants. In the early stages of the war, Jones could have fenced off the small business preserve if he had wanted it. Instead, he let Congress set up the Smaller War Plants Corp. which is now handing out money as fast as it can get it from Congress. RFC handles a considerable traffic with small business—about 47% of its loans (but only 1.7% of its volume) are for \$10,000 or less. Dollarwise, 70% of its loans are for more than \$500,000.

• **Few Fetters on RFC**—Nobody has tried to predict just how far RFC could go under a less cautious management.

Even if its borrowing power were shut off, it now has enough resources to shift the balance in the national econ-

omy in almost any direction it chooses. Under the present setup, it has more freedom than any of the regular government departments. As a semi-independent corporation it does not have to clear through the Budget Bureau when it wants money, and its accounts are not audited by the Comptroller General. More than any other branch of the government, it resembles a private corporation expanded to a national scale.

Ward Wins Round

Federal court decision holding plant seizures illegal has immediate effect on handling of wartime labor disputes

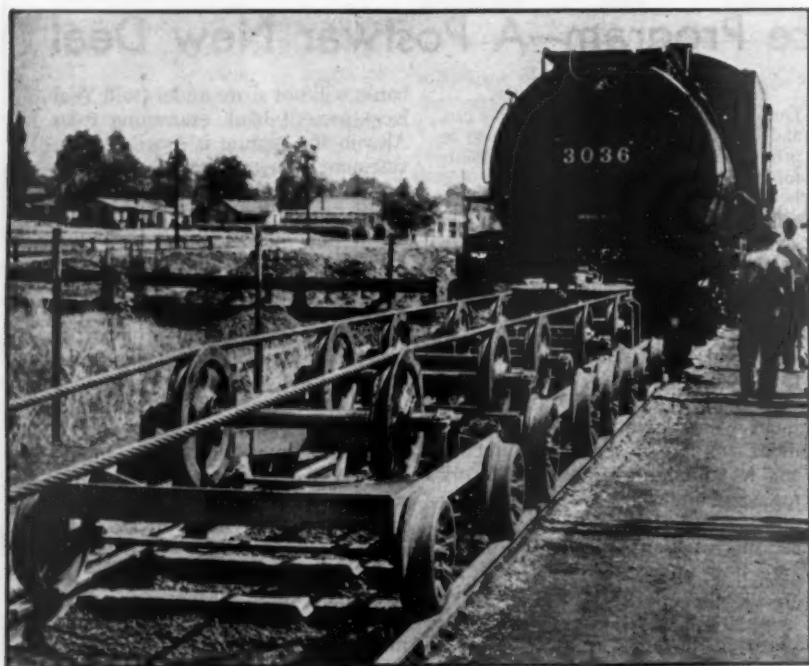
When U. S. Judge Philip L. Sullivan, one of the earliest Roosevelt appointments to the bench, ruled last week that the President had exceeded his authority in ordering the Army to seize and operate Montgomery Ward properties, it did more than give Sewell Avery his first important victory over the C.I.O. It provides editorial writers with a field day, and send Ward stock up 2½ points on the New York Stock Exchange.

• **Immediate Effects**—What stands out in his decision is the distinction drawn between war industry and nonwar industry for purposes of plant seizure. And, as it became apparent this week that distinction will have an immediate if not permanent effect on the handling of wartime labor disputes.

In terms of the specific dispute with Montgomery Ward's with which Sullivan's ruling was concerned, his decision changes nothing. His dismissal of the government's petitions for temporary and permanent injunctions and a declaratory judgment—which would, if granted, have given legal sanction to Army operation of Ward—was accompanied by a stay of proceedings which leaves the Army in possession as before. • **Army Still in Saddle**—Short of the end of the war or acceptance by the company of National War Labor Board orders—a most unlikely possibility—the private owners will not be allowed to resume operation of their enterprise unless and until the U. S. Supreme Court upholds the Sullivan opinion.

Thus the Army will stay in control of seven Ward establishments and continue handling labor relations. At the same time, however, the Army was still making time on putting into effect all the terms set by NWLB—terms which precipitated what has become the present showdown fight over the President's wartime powers.

Under Army management, C.I.O.



FAST TIRE SERVICE FOR LOCOMOTIVES

Locomotives urgently needed for war traffic are losing less time in repair shops—thanks to an increasingly used method of truing up their wheels. Towed backwards by a 1½-in. cable supported by sheaves on handcar chassis, an engine (above) figuratively smooths its own out-of-round tires—right on the tracks. Cutting tools set in brake hangers of each driver do the work as the locomotive is repeatedly pulled over an 800-ft. siding. The locomotive's own brake system, rejiggered to permit varying pressure on each wheel, applies the cutters which dress the flattest tire in about 14 passes. This method is used extensively by Southern Pacific R.R. which estimates annual time savings of several locomotive-years. The conventional method of removing wheels and turning them down on lathes ties up power for an average of five days about every 100,000 miles, compared with only eleven hours required under the newer process.



OUTSIDER INSIDE

While judicial machinery grinds to produce a final decision in the case of the U.S. vs. Montgomery Ward, Capt. P. A. Carson remains in the camp of a commercial enemy. Head of the post exchange at Fort Tilden, N. Y., Capt. Carson was picked to supervise Montgomery Ward's store at Jamaica, L. I., when the Army took over. He joined the Army after being granted a leave by his employer—Sears, Roebuck & Co.—from his job as assistant manager in a Brooklyn store not far from his present post.

United Retail & Wholesale Employees is expecting the maintenance-of-membership arrangement, the voluntary checkoff of union dues, wage adjustments, and retroactive pay increases which were ordered by NWLB. The company can certainly claim a moral victory, but not its property.

NWLB Power Limited—But Sullivan's judgment will have practical and immediate consequences for NWLB because its orders to nonwar industry employers are held to be unenforceable.

William H. Davis, the board's chairman, has already declared that unless the decision is reversed or Congress changes the law to legalize such seizures, "The whole plan of peaceful settlement of wartime labor disputes will collapse." What Davis implies is that his board cannot operate with authority over a limited section of industry because labor disputes and work stoppages have a contagious quality.

No-Strike Pledge May Go—In the present Ward dispute, the government

was driven to seizure action by the fact that Ward workers were on strike in Detroit, the No. 1 arsenal city. It was the tinderbox possibility which led the government to take what Sullivan has decided were illegal steps in order to end a walkout.

NWLB officials consider it an impossible job to keep peace in war production industries while employees in other industries are required to submit any unwelcome demands they make on employers to a test of economic force. The existence of a half-free, half-regulated labor front would mean the official end of labor's no-strike pledge.

• Opposition May Mount—Very few employers have been deterred from defying NWLB orders because of the possibility of government seizure of their properties. For the most part, in going along with the board, they were following the example of leading firms which had elected to cooperate for considerations of patriotism and good public relations.

If the Sullivan decision is upheld, all that may well be changed, and a mounting tide of employer rejections of NWLB "recommendations" may make more impossible the predicament of the board. For, in one of the most eloquent passages of his lengthy opinion, Sullivan sounded a note which will be regarded by business as identifying a high order of patriotism with a duty to uphold its rights:

"The constitutional guarantees that protect the sacred rights, liberties, and property of American citizens, from the humblest to the most exalted, still remain inviolate. These rights may not be transgressed with impunity nor be disregarded because of expediency; neither may they be abridged or suspended, even for a single moment, except in the manner and under the circumstances specifically provided by law."

• U. S. Arguments Rejected—In other sections of his opinion, Sullivan made hash of the two contentions on which the government rested its case. These were (1) that the Connally-Smith War Labor Disputes Act gave the President power to seize Ward facilities, and (2) that even if that law didn't, the war powers of the executive branch of the government inherent in the Constitution were sufficient to make the seizure legal.

Sullivan held that the nature of Ward's business exempted it from the Connally-Smith act. He swept aside the government argument that the law is broad enough to cover a huge distribution plant because, he said, only production is covered by the plant seizure act.

• Necessity Is the Test—In deciding that the Constitution did not authorize the President to take over Ward's because the nation is at war, Sullivan sup-

ported his position by citations from Mexican and Civil War cases showing that plant seizures are only legal under conditions of "necessity urgent for the public service, such as will not admit of delay." Geography was also an important factor to the judge:

"If Montgomery Ward's plant and facilities were located within the actual theatre of military operations, and its goods were necessary and essential for the use of the naval or military forces, then the Commander in Chief might lawfully take possession of them."

• Basis for Appeal—The logic of this reasoning may well be a major target for government attorneys in appealing the case. They are likely to hold that it runs contrary to the whole "total war" theory on which the government has sold the American people.

The fact that Ward's needs—and gets—priorities, draft deferments, etc., will almost certainly be made much of before the appellate court in efforts to prove that the company is covered by the totality of the present war effort.

• Parting Shot—Sullivan's decision concluded with the admission that he made it "with considerable reluctance." His parting shot was aimed at the company in a plea asking that disputants in labor cases "be guided by its [NWLB's] recommendations."

His plea, however, has no force in law and the chances are small that in the event he is sustained in his legal judgment by the Supreme Court, Congress will plug the loophole in the law which Sullivan deplored but fully acknowledged.



Federal Judge Philip L. Sullivan delivers the decision that upholds the rights of Montgomery Ward but fails to order the Army out of its stores.

Rails Snowbound

Embargo orders enable eastern roads to dig out after blizzards paralyze movement of vital war freight.

Railroaders have been looking apprehensively over their shoulders for three war years lest 1918's specter of paralyzing freight congestion stalk them. Just when they thought they were safe, the worst storms in years slugged them—and the Northeast—into a pulp.

• **Weather Punches**—New York state has already had so much snow that its winter's total is within 12 in. of its all-time record with two months still to go. Last week's hub of the winter-bound country was Buffalo, where a succession of one-two punches from the weatherman had rail operating men out on their feet.

Blizzards followed by subzero snaps had the northern sections of New York and Pennsylvania skidding in deep drifts atop flinty layers of ice and packed snow left over from December. Buffalo local transit was halted for a while, keeping railroad men from reaching work. In many New York state areas, schools and theaters were closed to save fuel.

• **Production Slowed**—Double-header yard engines failed to move freight cars frozen wheel-high in solid ice. Airhammers, picks, and Army bulldozers were freeing only 300 per day of 8,000-odd cars imbedded in Buffalo yards.

Factories, mills, and mines slowed down. Pennsylvania lost 15,000 man-days and 34,500 tons of coal output last Saturday. Carnegie-Illinois at Pittsburgh cut week-end ingot production by 14,000 tons; at Gary steel and tinplate piled up. Midwestern elevators, flour and feed millers faced shutdowns for lack of grain. Movement of food supplies, especially milk shipments, was disrupted in the New York area.

• **Three Embargo Orders**—Office of Defense Transportation ordered a series of embargoes on civilian freight to permit eastern roads to dig out. The first two orders restricted nonessential civilian freight and bulk grain shipments into an area bounded by Indiana, lower Michigan, New York, and part of Virginia. The third order halted movement of all but Army- and Navy-authorized freight to or through this area from Friday through Monday of this week.

At midweek, barring a recurrence of severe weather in the several weeks of winter still ahead, railroaders thought the crisis was past. ODT, acting



Row upon row of immobilized boxcars, deep in snow and frozen to their tracks, jam a Buffalo yard (above) during the war's worst rail crisis. Much of the trouble was due to snow-clogged switches (below) which required help of former railroaders, furloughed from the Army, to get trains back onto high iron.



through the Assn. of American Railroads, had lifted its most drastic embargo but warned that a further restriction might follow if a combination of the previously existing embargoes, better weather, and rerouting freight under direction of a diversion agent should not lick the job. A complete halt of car-loading throughout the U. S. for one day might even be tried, said O.D.T.

• **Passenger Crackdown**—To keep main lines open and to free motive power for vital war freight, eastern lines at ODT's

direction saved an estimated 15,000 train-miles by trimming passenger schedules, discontinuing some runs, consolidating others.

By midweek 200,000 freight cars were reported moving in the embargoed area and solid trains of empties were highballing toward Chicago and St. Louis. War production turned upward again. But shippers predicted that even without further bad weather they would feel the effects of January blizzards for months to come.

"Unforeseen events... need not change and shape the course of man's affairs"



HOMESCHOOL FOR BUSINESSMEN

It's A SIMPLE MATTER of history—the record of what happens to business after wars. And what does the record show?

Among other things, it shows that employees have to make many adjustments. Wartime jobs must be forsaken. New livelihoods must be secured. *Mode* of living must be re-scaled to *amount* of income.

Since these adjustments are coincident with lowered civilian morale, it is no wonder that postwar history shows

an alarming increase in business losses due to employee dishonesty. And it is the employee in a position of trust who has the greatest opportunity to go wrong.

Precisely because of this, The Maryland offers a program that will be of interest to every business, large or small. It is The Maryland's program for post-

war security against employee dishonesty.

Briefly, this program gives you complete security against losses that occur due to the dishonesty of any of your employees, no matter what their work, no matter who they may be. It is a far-sighted program, an economical program—and it is available now. Ask any Maryland agent or broker for full information. Maryland Casualty Company, Baltimore 3, Md.



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IF YOU ARE INTERESTED, WRITE TO OUR HOME OFFICE

~~SUPER~~ HIGH-PRESSURE HYDRAULICS

...for Manufacturers in
Competitive Markets!

COST-CONSCIOUS men will want to analyze the descriptive labels placed on hydraulics these days. Ordinary hydraulic systems, operating with internal fluid pressures from 300 to 3000 lbs. per square inch, are sometimes termed "high-pressure". But, Blackhawk Hydraulics successfully go up to 10,000 lbs. per square inch...which should (and does) win the right to be called "super pressure".

What is so important about this is the fact that *super pressures* reduce the *bulk* (and, consequently, the cost) of the hydraulic system. Blackhawk rams need less size to do the job. Resulting compactness means a hydraulic system with less weight — greater efficiency — less friction — easier installation in tight places — less design change in present equipment.

These Two Pictures
Tell Your
COST Story...



Blackhawk pumps, rams, and valves are engineered and priced for *quantity* purchase and *practical* installation on the products of other manufacturers, who must sell in competitive markets. Write Blackhawk Manufacturing Company, 5300 West Rogers Street, Milwaukee 1, Wisconsin.
We will counsel in confidence!

BLACKHAWK

Ceiling on Beef

Program goes into effect on schedule as OPA spells out the details. Plan has teeth to go after violators.

Price ceilings on live cattle went into effect on schedule this week (BW—Jan.13'45,p18), and OPA threw itself with a will into the job of spelling them out.

• **Varies by Market Areas**—An overriding ceiling, pegged to \$18 a cwt. Chicago, has been set as the outside limit which a slaughterer may pay for any live cattle or calves. The ceiling varies in each of ten market centers (such as Chicago, Milwaukee, Kansas City) and in the 24 regional zones.

It is highest—\$18.60 a cwt.—in the West Coast states and in New England and along the North Atlantic seaboard. It is lowest—\$17.25 a cwt.—in Texas. The ceiling in five Texas market centers is \$17.35.

• **Compliance Plan**—If any slaughterer pays above the overriding ceiling for the zone or market center in which he is buying, OPA can charge him with a price violation.

The overriding ceiling provides OPA with only its first bite at the apple, however. The real eating—in terms of holding slaughterers down to prices that will keep beef out of the black markets—comes with what OPA calls the "drove compliance" plan.

• **Can Be Enforced Now**—The drove plan is tied to the quasiceilings which Economic Stabilization Director Fred M. Vinson over a year ago hitched onto the subsidy payments the government makes to packers in an effort to protect, simultaneously, the grower's income and the consumer's pocketbook (BW—Oct. 30'43,p14). Under the drove plan these ceilings, which are tied to government grades, become enforceable at law.

To sweeten the scheme for cattle growers and feedlot operators, the subsidy-ceiling for choice (top-grade) beef has been boosted from \$16 to \$17 a cwt. The subsidy-floor has been pushed up from \$15 to \$15.50.

• **To Drop in Summer**—Next July 1, when feedlot operators presumably will have had time to unload critters purchased before the new plan came along, the subsidy-ceiling will drop to \$16.50 and the floor to \$15. (At least OPA hopes to be able to accomplish this.) At the same time, the overriding ceiling will be cut from \$18 to \$17.50 a cwt.

• **Based on Averages**—Under the drove plan legal limits are placed on the amount a packer may pay for all cattle

Ink for Tomorrow's News flows through FRUEHAUF TRAILERS



THREE YEARS AGO Edgar B. Flint, Vice-President of the Howard Flint Ink Company, challenged their hauling costs. As a result, he placed trucks carrying 1,000 gallons of ink for newspapers with Fruehauf Trailers hauling 1,500 gallons.

Now he has challenged their costs again! Result . . . this new 300-gallon unit operates out of Houston on a 300-mile circuit!

CHALLENGE YOUR HAULING COSTS!

The more unusual your job, the more likely that Fruehauf "Engineered Transportation" will cut your costs. That's why Fruehauf Trailers are now used by the Flint Ink Company's main plant in Detroit and the seven branch plants serving newspapers all over America.

Contrast this modern method of hauling and unloading ink with the old system which employed 55-gallon drums. The drums would adhere, causing up to 100 pounds of waste. The empty drums weighed 80 to 100 pounds . . . had to be hauled back and cleaned. With the Fruehaufs, the ink is not warmed by exhaust heat. It is unloaded by a rotary pump at 80 gallons per minute. No empty drums to handle.

In the face of today's increasing cost of doing business, every possible saving is vital. Possibly you, like others, could profit by modernized hauling equipment . . . or by a "shuttle" system of operation in which, simultaneously, one truck can handle as many as three Trailers, one being loaded, one in transit and one being unloaded . . . record economy in continuous transportation.

Why not write us today to have a Fruehauf man call on you? Your problem doubtless requires the specialized knowledge he can bring you on how to save on hauling costs.

World's Largest Builders of Truck-Trailers
FRUEHAUF TRAILER COMPANY, DETROIT
Service in Principal Cities



Operators who haul mammoth rolls of newsprint stock to the presses likewise challenge costs. They, too, have learned the advantages of the "Trailer-method".

FRUEHAUF Trailers
"ENGINEERED TRANSPORTATION"
REG. U.S. PAT. OFF.



For Transport GETS YOUR JOB DONE!

If you aren't using truck transportation, you've never challenged your shipping costs and over-all efficiency with the job that professional haulers can do for you?

LOWER COSTS FOR HIGH BUILDINGS

Montgomery
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LARGE ITEM in the operating costs of high buildings . . . or any buildings of more than one story . . . is the vertical transportation of passengers and freight. Peak efficiency can be obtained at lower costs with Montgomery Elevators. Not only is their original cost generally lower than other comparable makes, but for years Montgomery Elevators have been giving such dependable service in thousands of buildings that *practically no major repairs have ever been required*. For post-war construction or modernization, whether the building plans call for two stories or 42, you can depend on Montgomery for assistance in designing and engineering an efficient vertical transportation system.

MONTGOMERY MANUFACTURES a complete line of passenger and freight elevators, electric dumbwaiters and special equipment for vertical transportation. If you are planning a specific project, Montgomery Elevator Company invites your elevator problems.

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slaughtered during any one month. Since government inspectors can't check up on all individual on-the-hoof purchases, compliance is determined on the basis of how much meat of various grade the packer turns out in a month. Because OPA and the War Food Administration have determined what the average yield of beef is for cattle of various grade, it is possible to estimate what the live cattle weighed when purchased and to determine what should have been paid for them.

• **Basis for Subsidy Payment**—The formula also makes allowance for the small packer who lacks the processing facilities to get as much meat out of a steer as the big packer does; 59% of the live weight is regarded as the limit for packers who slaughtered less than 50,000 lb. a month.

If by application of this formula, the slaughterer hits the ceilings on the nose, he receives the full amount of the government subsidy and is in full "compliance." If he goes below the ceilings, he sacrifices a corresponding amount of his subsidy. If he steps over the ceil-

ings, he also loses subsidy money in addition—and this is where the government gets its teeth—OPA holds him guilty of a price violation.

• **Less for Civilians**—As a further check on the black market in top-grade beef, OPA has set maximum percentages for good and choice cattle which a slaughterer may kill each month. Slaughterers in the Southeast and Southwest may kill 50% good and choice; those in the rest of the country 75%. The percentages are on a dressed weight basis.

Meanwhile, civilian meat supplies are declining steadily. Meatless days in public eating places are common place, and some butcher shops are closing one day a week so that cutters can bone meat for the Army.

WFA figures total civilian meat supplies for the first quarter of this year at a per capita average of 126 lb. (annual rate), which is just the annual average civilians got in the more than 1935-39 period. Hitch is that this year an average—there will be less meat in March than there was in January.



TO PROMOTE PEANUT-CONSCIOUSNESS

Among Broadway's current hits is "Peanut Palace," a swank retail shop dedicated to whipping up new consumer interest in the goober and its byproducts. Opened recently by National Peanut Corp., subsidiary of Planters Nut Chocolate Co., the Manhattan store boasts roasters, bubbling fat pots, murals made of dyed peanuts (above). It has more the air of a fair exhibit than a retail outlet, but appearance plus roasting odors are selling peanuts. Man by 100 persons working two shifts, the store offers peanut butter, oil, and candy, but the fastest-moving items are salted and in-the-shell peanuts—to the dismay of managers of theaters in the immediate neighborhood of the store.

Tomorrow's WATERPROOF CLOTHING

Today's TEST-TUBE MYSTERIES



• Showers hold no terrors to the wearers of tomorrow's clothing. The textile industry is developing fabrics that will get you through soakings without a wrinkle or the loss of a carefully pressed pleat. These fabrics may be the familiar textiles you have always known with the addition of new processing and new finishes—they may be made from synthetic fibers that are today test-tube mysteries—but be they traditional fabrics or products of the future, they have this in common—valves and piping are vital in their production.

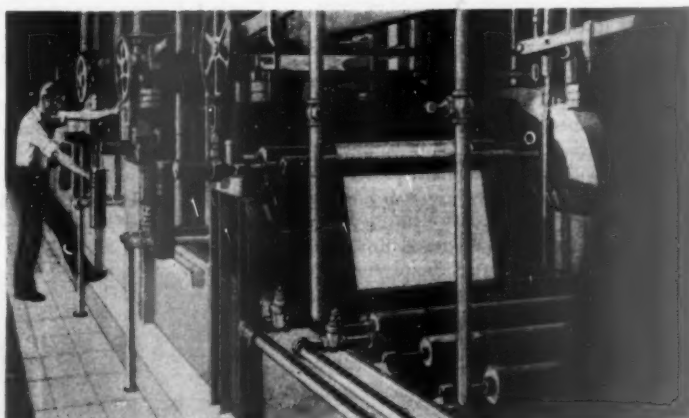
In fact valves and piping are so universal in their application that any modern industry is inconceivable without them. For whether it is handling steam for power or heat, whether it is directing the flow of water, air or oil, whether it is controlling fluids in process lines—valves, fittings and pipe are essential to any industrial plant.

Furnishing everything necessary for every piping system is the job of Crane Co. By standardizing on Crane piping, you are assured of high quality backed by 90 years of experience—a simplified stock problem because of standardization—better service through Crane's nation-wide distribution through branches and wholesalers.

CRANE CO., 836 S. Michigan Ave., Chicago 5, Ill.

In the production of synthetic fabrics, valves control the heat, pressure and reagents needed to break down the molecules of coal, wood, and milk—and regroup them into fibers which with the help of more valves can be spun into thread and fashioned into cloth.

In the weaving of synthetic fibers as well as in the weaving of the traditional fibers—valves play an important part. In fact the textile industry could not be carried on without valves—for processing lines—for water—and always for the steam which "makes the wheels go around."



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HOW THE AUTOMOTIVE INDUSTRY *will deliver the goods...*

YOU can expect not only improved products in the years ahead... but better delivery of them as well. Automotive engineers are already planning the vehicles that will smoothly and efficiently move your future purchases from point of production to point of sale to your home.

You can expect to see important changes in these trucks. For the trend is toward greater specialization in models. Closer design consideration is being given to the job the truck must do.

It's also likely that you'll travel in a new kind of bus. Cross country "luxury liners" will be equipped with beverage bars, smoking sections and sleeping berths. In both trucks and buses, wider use will be made of weight-reducing alloys.

* * *

Castings of the weight-reducing alloy steels that the automotive industry will need for its new models have long been a specialty of the Lebanon Steel Foundry. Lebanon is also a proved source for other types of auto-

motive castings which must provide strength, reliability and resistance to impact. Lebanon Circle L Castings are widely used in structural parts and connecting members.

With each day bringing reconversion nearer, it's good business to arrange an early discussion of your castings requirements with Lebanon metallurgists and foundry engineers.

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ORIGINAL AMERICAN LICENSEE GEORGE FISCHER (SWISS CHAMOTTE) METHOD



Curb on PUDs

Oregon lawmakers weigh measure intended to close gap in law which enables public utility tail to wag the dog.

The Oregon Legislature is keeping green the voters' memory of the ambitious power grab made a year ago by the Public Utility District of rural Hood River County (BW—Dec. 4 '43, p. 18). Portland's apple-growing neighbor to the east.

• **Fence Proposed**—In the session convened at Salem, the assembly has received a measure designed to close a loophole in state law which permits PUDs to overrun their jurisdictional boundaries without consent of the other run districts.

Leaders among the 2,000 persons who comprise the total voting population of Hood River County went to the electorate a year ago in January, 1944, in this proposition: that the voters authorize a bond issue of \$175,000,000 finance purchase, by the PUD, of private electric utilities.

• **Eyes on Portland**—It was no secret that the PUD's first ambition, if it had the money, was to buy the \$43,000,000 Pacific Power & Light Co., which serves Portland and the neighboring industrial districts, and to exercise condemnation powers if P.P.&L. proved unwilling to agree on a price.

The PUD had its eye on some other blue chips, too, but the sound and fury that arose in Portland at the prospect that the apple farmers of Hood River County would be computing a sending out the city's electric light bill drowned out the rest of the choir. PUDs are not subject, as are private utilities, to the state's rate controls.

• **Hood River's Party**—Although their own affairs were at stake, Portland voters could do nothing but fret, fume, hope for the best, and give the private utilities a hand in the campaign against the bond issue. It was Hood River County party at the polls, and nobody but the 2,000 Hood River County voters was invited.

Gravely, 1,400 Hood River County voters went to the polls and rejected the \$175,000,000 bond issue by 313 votes (BW—Jan. 15 '44, p. 30)—to the enormous relief of Portland.

• **Must Get Consent**—But nothing the law prevents the Hood River County electorate from trying again. To block off a repeat effort, the bill now before the legislature would forbid a PUD to engage in the power business beyond its boundaries without the voted

ment of those who are to be affected. In Washington state last November, the voters defeated an attempt to open a similar loophole there (BW-Oct. 27, 44, p. 36). Existing Washington law holds a PUD to its boundaries. The referendum rejected at the polls would have authorized two or more PUDs to form joint commissions for purchase of private companies.

MACY'S RATIONS SMOKES

R. H. Macy & Co. of New York City has devised its own system of cigarette rationing for its regular customers.

Macy's closed its tobacco department Jan. 19 when queues formed by cigarette-starved New Yorkers became too long. When the department reopened Feb. 1 only holders of special ration cards were entitled to buy. Those eligible include persons who keep deposit accounts at the store for prepaid purchases; cash-time account customers who buy on credit; and regular customers of the tobacco department.

The special green ration slips are divided into 24 bimonthly ration periods and entitle the bearer to buy whatever ration prevails on the day he makes his purchase. Ration for the first two-week period was set at one carton. Termination dates for each period will be staggered to prevent crowding at the counters—one group of customers may buy between Feb. 1 and 15 and again between Feb. 16 and Feb. 28; another group between Feb. 2 and Feb. 16 and again between Feb. 17 and Mar. 1, and so on. Rations will not be permitted to accumulate. Cards are not transferrable or replaceable.

Macy's admits that the supply of cigarettes will still be insufficient but believes the available quantity will be distributed with greater equity and less customer discomfort. Acknowledging the experimental nature of the plan, the store has reserved the right to terminate the system at any time.

PATENT UNITS GO HOME

In what may mark the turning point in the decentralization of overgrown federal agencies, the Patent Office has announced that two of its divisions will be returned from Richmond to Washington before the end of the month.

First of the agencies to leave Washington, the Patent Office moved to Richmond, bag and baggage, almost exactly three years ago (BW-Feb. 7, 42, p. 38). Others were not long in following suit. Among the major moves were the Securities & Exchange Commission to Philadelphia, the Wage-Hour Division of the Labor Dept. to New York, the Railroad Retirement Board to Chicago,

A Pictograph OF EFFICIENT DUST DISTRIBUTION

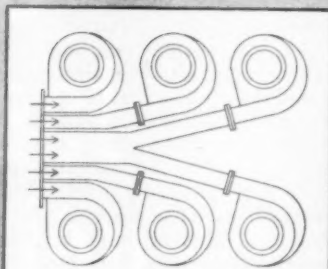


Figure 1—Split-Duct Manifold is most efficient. Insures uniform distribution of dust and gas to all cyclones. A Buell feature.

THE MOST EFFICIENT METHOD (Buell's)

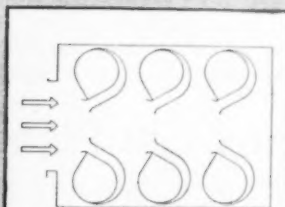
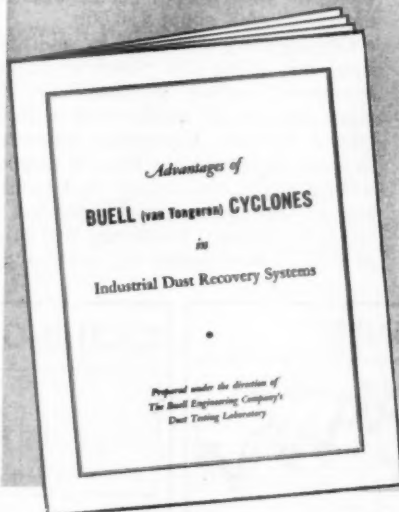


Figure 2—Unit-Chamber Manifold, never used by Buell. Disadvantages: uneven distribution of dust to tubes, piling up of dust in rear of chamber, rapid erosion of outlet tubes.

THE LEAST EFFICIENT METHOD (Never used by Buell)



BOTTOM VIEW OF
MANIFOLD ASSEMBLY

Buell Design ELIMINATES CLOGGING MINIMIZES EROSION

The scientific development of inlet manifolding for multiple unit cyclone dust collectors has played an all important part in the uniform distribution of both gas and dust in cyclone collectors. How proper manifolding is achieved in Buell Dust Recovery Systems is shown in the pictograph on this page. What happens when the dust load is not uniformly distributed, and how serious these disadvantages may be, is best described in the bulletin shown on this page, from which these two manifold sketches were taken.

Every engineer and operating executive should have a copy of the bulletin shown above as his guide in the selection of the right dust collection equipment.



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the Social Security Board to Baltimore, and the Farm Credit Administration to Kansas City.

The present move is small, involving only 24 of the almost 1,000 Patent Office employees in Richmond. But with government office space easier in Washington due to completion of several new buildings (notably the Pentagon), and with war agencies sure to shrink after V-E Day, many of the prodigal agencies may go back home.

Firms Get Planes

Surplus Property Board allocates executive-type planes. Decisions are made on basis of company's need in war effort.

The first two allocations of executive-type planes to business firms have been made by the Surplus Property Board, one going to the Pure Oil Co. and the other to Panair do Brasil, Pan American Airways subsidiary in Brazil. Both planes are Lockheed 12's—a plane similar to the Lodestars used by some domestic airlines but somewhat smaller.

• **Basis of Need**—Individual companies can apply for planes of this type through the Defense Plant Corp.'s Surplus War Aircraft Division. Executive-type planes of more than 5,000-lb. gross weight are allocated by a working committee of the

Aviation Division of the Surplus Property Board on the basis of a company's need in the war effort.

The current war crisis, delaying return to civilian production, has revived interest by companies in older types of planes to meet transportation bottlenecks.

• **May Convert Some**—Planes in great demand, therefore, are kept under allocation. Although uneconomical by modern standards, there are about 1,000 that could be converted to company use for transportation of personnel.

Among them are almost 800 Cessnas for which the Civil Aeronautics Authority is now preparing modification requirements for civilian use. Others are converted bombers built by Douglas. Some of these once were used by general officers of the Army Air Forces as their personal transports.

Prices on the Cessnas, depending upon age and condition, will run in the neighborhood of \$6,000 to \$7,000, and they will be licensed for four passengers. Prices on the Douglas planes will run higher—possibly about \$10,000.

• **Ceiling Price Formula**—In addition, there are about 100 planes of higher horsepower in the less-than-5,000 lb. class that are in surplus and will be offered for bids. Companies interested in these planes can buy them if they are willing to pay the ceiling price (which has no relation to actual value but is set up by formula) by offering that price at least 24 hours before bids are opened.

WFA Upheld

Federal judge invalidates General Cigar Co. deals with tobacco growers as a threat to U. S. control of distribution.

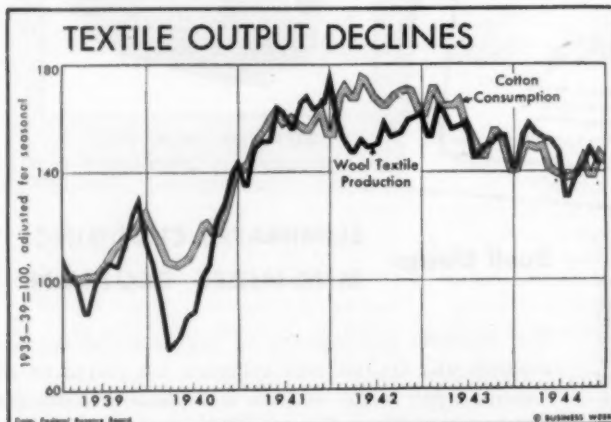
To assure equitable distribution of certain types of tobacco, the War Food Administration last year issued an order (No. 4-6) prohibiting the sale of cigar filler and wrapper tobacco between June 14, 1944, and Dec. 31, 1945.

• **Contracts Invalidated**—Last week a possible loophole was closed by U. S. Judge Harry E. Kalodner of Philadelphia, who invalidated contracts between General Cigar Co. and tobacco growers in Lancaster County, Pa. The court also granted WFA's application for an injunction restraining General Cigar from entering into any additional agreements of that nature while the freeze order is in effect.

• **Loans to Growers**—General Cigar has contracted to pack, process, and store the tobacco in General Cigar warehouses for the growers, who would pay 2¢ a lb. for this service.

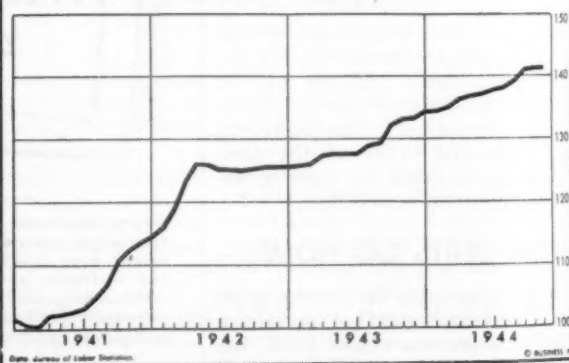
In addition, General Cigar agreed to lend to the grower an amount equivalent to 21¢ a lb. for Wrapper B's, 11¢ a lb. for stripper straight tobacco, and 7¢ a lb. for fillers.

General Cigar was to have a lien on



Production of wool textiles and of cotton goods (as measured by textile mills' consumption of raw cotton) slid off sharply in 1943 and continued to contract somewhat in 1944; only the most recent months suggest a halt to the decline. Military and other government demand for cotton textiles has risen steadily, taking almost one-fourth the output last year, depressing civilian supplies more than 10% below the 1939 level; goods at retail for non-industry consumers are down even more sharply. War use of wool was also 25% of output last year, and military

CLOTHING PRICES CLIMB



takings are still higher now. And with tire cords absorbing 25% of 1944 rayon output, substitute fabrics were at a minimum. Because consumer buying power is vastly increased, pressure on clothing and textile prices has grown consistently, and OPA was unable to control the situation under previous ceiling regulations. Hence last week's WPB-OPA order, which channels 75% of all civilian yardage into low-priced lines, to try to roll clothing prices back at least 6% or 7%, and possibly as much as 11% to the levels of mid-1943 (BW—Jan. 27 '45, p. 16)

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SWITCHED TO SWITCHING

Serving as a switch engine on eight miles of sidings at the Houma (La.) Naval Air Station, a rebuilt truck pinch-hits for steam equipment which broke down. The novel "locomotive," built by four sailors, is a 1942 International truck—converted like the auto used for track inspections in Canada (BW—Feb. 26, p. 122). This conversion, costing only about \$100, provides a 17-m.p.h. substitute for the slow steam crane which formerly served the airbase as a switcher.

the tobacco until all processing charges or all money advanced had been fully paid, and no tobacco was to be removed from General Cigar's possession until all charges were paid.

• **WFA Order Imperiled**—Judge Kalodner stated that while the contracts were agreements to pack and otherwise process the tobacco of growers, and did not purport to be agreements to purchase the tobacco, their practical effect was to give General Cigar an actual or potential advantage over others, and might result in General Cigar's obtaining an unfair share of the crop.

Such results, he added, would destroy the purpose of WFA's order, which, he said, was issued to assure equitable distribution, and to prevent a scramble for the limited supply of this type of tobacco.

• **Agency Moved Swiftly**—General Cigar, while not consenting to the injunction, did not oppose the granting of one on WFA's statement of facts.

Because the first contracts were signed Jan. 4, 1945, and because WFA jumped in a few days later, apparently little or none of the Lancaster County tobacco was placed in General Cigar's warehouses.

But WFA stated that General Cigar had contracted with 30% of the growers for approximately 15% of the total Lancaster County crop which is regarded by the trade as excellent cigar tobacco.

THAWS THREATEN CORN

The Midwest's bumper corn crop is still wet, and much of it is still lying on the ground (BW—Dec. 9 '44, p. 32). Corn Belt farmers whose crop usually is in and forgotten by this time of year are desperate for space in which to store the corn.

In Nebraska, for example, agricultural authorities estimate that at least 100,000,000 bu. of the state's record 329,000,000-bu. crop is on the ground and in danger of spoiling. Cold weather is saving it now, but most farmers wonder if they will be able to do anything about the problem before the thaws come.

Deluged terminal elevators, short-handed along with everyone else, can't push the grain through their driers any faster than at present. Railroads, lacking the cars that are needed to move corn as rapidly as farmers desire, are lending limited quantities of snow and storm fencing for building emergency cribs.

The distillers, on whom farmers had counted strongly, can't use the wet corn fast enough to make even a major dent in supplies. Nebraska has been watching the Farm Crops Processing Corp., Omaha (BW—Aug. 7 '43, p. 99), but the concern is limited to 50% corn in its operations. Even if it were 100% on corn, its intake would be only about 1,000,000 bu. a month, and that still

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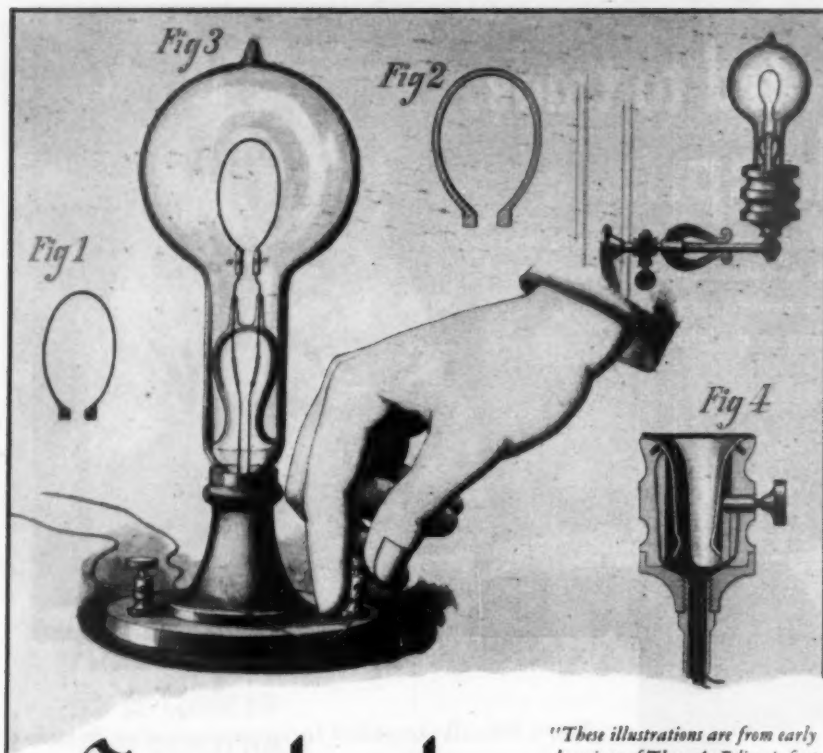
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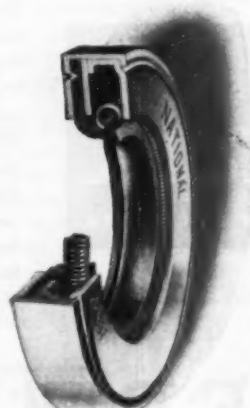
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CONVENTION PROSPECT

Hotels may have lost most of their convention business for the time being (BW—Jan. 20 '45, p31), but there's prospect of big business ahead—from the State Dept.

The department has sent questionnaires to convention bureaus all over the country seeking up-to-date information on hotel facilities for "various important international meetings" which may be held within the next year or two.

The meetings, according to the questionnaires, will have from 100 to 2,000 participants.

would leave the load mainly in the farmers' front yards.

Feeding excess corn to cattle intended for summer pasture, so that they will be ready for market early, is the suggestion of W. J. Loeffel, professor of animal husbandry at the University of Nebraska. This idea, along with increased feeding to hogs and sheep, is favored by farmers to the extent practicable, but none of the plans offers a complete solution.

SEATRRAIN ORDER UPHOLD

The U. S. Supreme Court, in a 8-to-1 decision, this week reversed a district court and upheld authority of the Interstate Commerce Commission in ordering U. S. railroads to interchange equipment with Seatrain Lines, Inc. and in fixing rates of compensation for the use of such cars.

Seatrain first came to public attention in January, 1929, when the initial seatrain, a 490-ft., 12,000-ton ship carrying 90 fully loaded freight cars on four decks with four tracks on each deck, was put in service between New Orleans and Havana. Subsequently, two more vessels were built with partial government subsidies (BW—Feb. 1 '33, p18), and service was extended to New York.

The railroads, upset by the competition for traffic between New York and the Southwest, tried to cut off the car supply. But ICC ruled that the railroads must interchange cars and participate in joint rate schedules with Seatrain (BW—Feb. 23 '35, p23).

Railroads protested violently, and shipping interests, fearing low-cost competition—no unloading and reloading added a dissent. In the litigation which followed, the U. S. District Court in Newark, N. J., ruled that ICC had no jurisdiction over seatrain trips outside of U. S. territorial waters. It is this ruling that the U. S. Supreme Court has just reversed.



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Heat on the Range

Grazing Service plan to boost rates for stockmen's use of public lands draws fire on Interior Dept. agency.

Secretary of Interior Harold L. Ickes is at it again with his old sparring partners, western cattlemen and sheepmen.

• **Would Triple Rates**—The Interior Dept.'s Grazing Service, which controls the use of 130,000,000 acres of public domain for grazing purposes, proposes approximately to triple the fees now charged for grazing stock on the range. The cost now is 5¢ a month per "animal unit"—one cow or five sheep or goats—and the Grazing Service plans a graduated scale ranging from 14¢ per animal unit in Nevada, to 18¢ in Colorado.

Sen. Pat McCarran of Nevada, who keeps his subcommittee of the U. S. Senate's Committee on Public Lands & Surveys always handy to protect his constituents and others in the West, has called a series of hearings to be held at western points during the next couple of months. Meanwhile the fee increase is deferred until May 1 at least.

• **Stockmen Protest**—The department's position, as expressed through C. L. Forsling, director of grazing, is that stockmen are paying the U. S. about \$1,000,000 annually for services which, on the basis of fees paid to private owners of grassland, are worth at least \$6,000,000. Forsling proposes to charge about \$3,000,000, and to put half of the income back, as now, into range improvement, through the states and grazing districts.

The stockmen's position, as stated in resolutions adopted by the American National Livestock Assn. recently, and by directors of the National Woolgrowers Assn., is that they had been promised that the Grazing Service

would never charge more than enough to pay for its running expenses; that it started out on \$150,000 a year, and is now costing the livestock industry more than \$900,000.

• **Broken Pledge Charged**—To these specifications, the stockmen add that, according to original promises, the Taylor grazing act was to be administered either by the General Land Office or by the Geological Survey without creation of a new bureau.

The stockmen's advisory council to the Grazing Service (there are also local councils which sit with grazing district administrators) adds that the attempt to raise fees represents a broken promise, since stockmen were promised that no such attempt would be made until the war is over at least.

The council, shrugging off an appraisal upon which the Grazing Service bases its case for increased fees, recom-



TOWERING TWISTER

Assigned to the vital war job of installing airplane propellers is one of the largest torque wrenches ever built. Manned by two mechanics, the 7-ft. spanner screws down to precise tightness the hub nuts which hold variable-pitch propellers—giving an audible signal when the job is completed. This supertightener is displayed with a little bench-type torque wrench by an employee of Richmond, Inc., Los Angeles, which made both of them.

FUTURE ASSURED

One war-boom town that is looking forward with apparent certainty to peacetime prosperity is Hanford, Wash., which along with the neighboring community of Pasco (BW-Jul. 1 '44, p. 22) has important war projects.

Plans for a postwar chemical industry in Hanford were revealed recently by U. S. Senator Warren G. Magnuson, who said that the du Pont interests were counting on establishing a permanent project there.

Magnuson said that nitrates, plastics, and nylon hosiery would be manufactured. Type of war projects at Hanford has never been revealed.

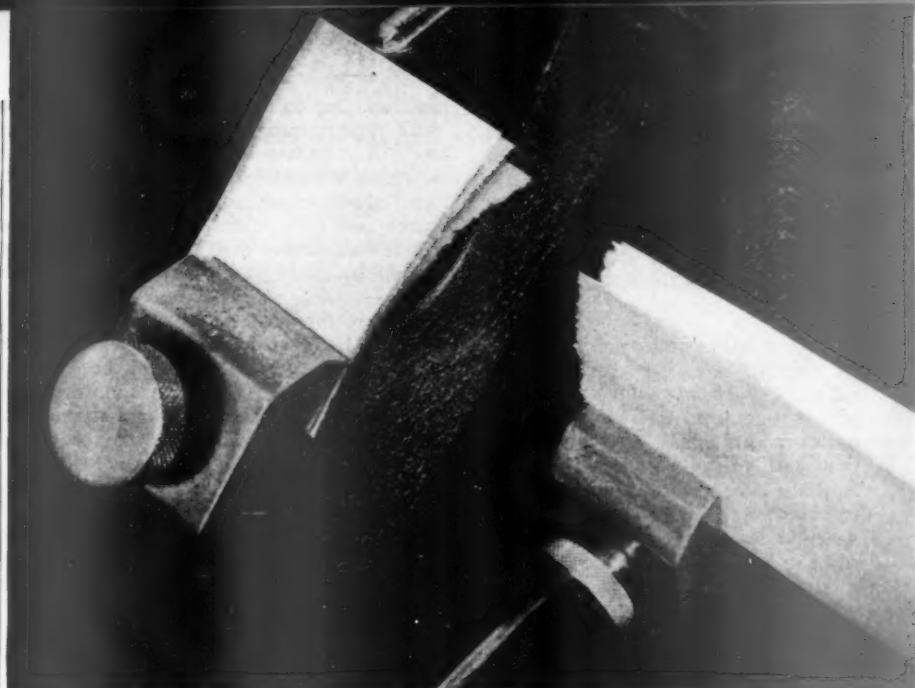
ends a study to set the exact administrative costs, and urges an amendment to the Taylor act to hold fees to a level just sufficient to pay such costs. This would throw the costs of range improvement and conservation on all taxpayers. The Grazing Service proposal would raise fees up and down with the prosperity of the livestock producer, based on some such yardstick as market prices for his products.

UNRRA FOILS THIEVES

One of the big problems that has harassed the United Nations Relief & Rehabilitation Administration in its distribution of relief supplies in liberated areas of Europe is theft or hijacking of merchandise from trucks.

The only trucks UNRRA has been able to obtain have so-called "stake bodies"—that is, a wooden floor with widely spaced stakes for sides, and a top—a type of truck that lends itself easily to hijacking activities. Closed van bodies that can be locked are unobtainable because of the scarcity of shipping space and amount of high-priority material required in their construction.

UNRRA's engineering staff has come up with a solution to the problem. The trucks come packed for overseas shipment in heavy-duty crates, two chassis in the crate, two sets of cabs and wheels in another. The engineers found that if proper care were taken in uncrating, each pair of crates could be taken apart and reassembled to make one van body. A kit containing the necessary hardware (angle irons, bolts, locks, etc.) and complete set of directions and blueprints are now enclosed in each crate. The extra cost is just about balanced by the saving on stake bodies that are no longer necessary.



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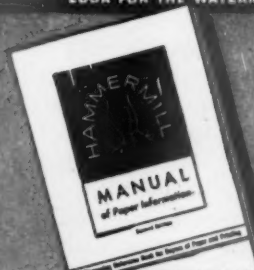


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Go Easy on Butter

Tighter rations indicated by increased set-aside. Trade suggests steps to boost supply of butterfat.

Next to the cigarette famine, the butter shortage is perhaps the most painful and bewildering to the average citizen. A significant indication that 1945 butter rations will be even more skimpy than last year's (BW—Nov. 11'44, p. 22) is the War Food Administration's recent set-aside announcement.

• **Set-Aside Increased**—All creameries must reserve 20% of their February production, and 25% of their March production, for government purchase. Last year the set-aside order did not apply until April, and then it specified only 10%.

Butter experts recognize that this difference is principally due to the fact that last January WFA had a carryover stock of something like 40,000,000 lb. from its whopping purchases of about 464,000,000 lb. in 1943. This year the agency has no carryover, and is, in fact, slightly short on its 1944 purchases. Hence it begins buying earlier. And its total buying is also expected to be larger than last year's purchases, although less than in 1943.

• **Less From Creameries**—But the biggest rub of all is that there will be about 10% less creamery butter this year than last. The American Butter Institute estimates that production probably won't exceed 1,329,948,000 lb., compared with an estimated 1,477,720,000 lb. in 1944.

After government needs are met, not more than a billion pounds will be left for civilians. That's less than 7½ lb. per capita. Normal per capita consumption is 16 lb. to 17 lb. (This includes 2 lb. of country butter; theoretically 2 lb. will also be available in 1945, but practically, says A.B.I., not much country butter gets to market these days.)

• **More Butterfat Sought**—Last week in Chicago the Over-all Butter Committee emerged from an all-day session with specific recommendations intended to increase the country's total production of butterfat, and prevent that portion of it which WFA has earmarked for butter from being diverted to other uses.

The committee represents about 90% of the nation's commercial buttermakers.

The committee recognizes, and has no quarrel with, the government's plainly indicated desire to get milk marketed from farms as whole milk, rather than as butterfat, from which the skim milk is likely to be fed to farm

animals. Separating the butterfat from milk at processing plants assures use of all of it as human food—a wartime conservation measure—in the form of butter, sweet cream, dried skim milk, evaporated milk, cheese, etc. But the committee claims that certain changes should be made in the various regulations governing milk and milk products that were intended to accomplish this.

• **Price Increase Urged**—Base (wholesale) prices of butter should be increased 6¢ per lb., says the committee. It points out that many farmers in butter producing areas have no ready market for whole milk, and since the price paid for butterfat is not attractive, they have reduced their milk production or abandoned dairying entirely.

The American Butter Institute estimates that normally 60% of all U. S. creamery butter is made from cream produced by such farmers (mostly in midwestern states), each keeping an average of six or eight cows, in contrast

to states such as New York where production is on a large scale and milk is marketed chiefly as fluid milk rather than as cream. Upping the base price of butter by 6¢ would increase butterfat prices enough to bring these farms back into cream production, the committee claims.

• **Subsidy Revision Suggested**—Its second recommendation is to adjust the production payment subsidy (formerly called feed subsidy) for butterfat sold as cream so that this payment is at least equal to 25% of the production payment paid for 100 lb. of whole milk. Production payments vary according to geographical area; in the Midwest, for example, 10¢ a lb. is paid for butterfat sold as cream, 60¢ a cwt. for whole milk, with additional payments in drought areas.

The committee claims that this low ratio discourages production on farms from which fluid milk can't be marketed readily, and that adjusting it up-



UNCLE SAM'S CURIOSITY SHOP

As history turns corners, more and more surplus military items filter into retail channels to remind taxpayers of the unusual things needed to outfit a fighting machine. Latest offering is the 6,000-gal. consignment of castor oil—guarded by grimacing small fry for photographic reasons—and put up for sale at the Pueblo (Colo.) Ordnance Depot. Useful industrially as well as medicinally the oil is no novel military item—only the quantity is surprising. More off the beaten track are Treasury Dept. offerings of twelve monkeys (used for Air Corps research), surplus dogs and horses, wooden guns used for training in the early days of the defense program, 476,921 mosquito bars—which are moving slowly—and one lot of small snowshoes. The last was snapped up by a novelty manufacturer who fitted them with legs, sold them as smart cocktail tables.

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Dependability

The shattering concussion of a 16-inch broadside at an enemy target...merciless pounding on a motor torpedo boat during an invasion...yet Raytheon Electronic Equipment keeps serving the men in service providing dependable performance in the face of terrific beatings...often even after an enemy shell pierces sections of the apparatus.

Until war is won, all Raytheon facilities will be devoted to producing electronic equipment for the Forces. When the last enemy ship is smashed, the skill and ingenuity of Raytheon craftsmen will return to the engineering and building of peacetime electronic equipment. Then we will seek out and welcome the handling of *tough* electronic jobs.

Tune in the Raytheon radio program: "MEET YOUR NAVY," every Saturday night on the entire Blue Network. Consult your local newspaper for time and station.



Devoted to the research and manufacture of electronic tubes and complete electronic apparatus and systems.

WHAT HAS OTIS ELEVATOR COMPANY BEEN DOING?



...and what are they **PREPARED** to do?

The factories of the Otis Elevator Company have been devoted one hundred per cent to the war effort. That's not unique. That's the pattern of American industry.

however...

In addition to our large scale production of a great variety of highly precise mechanisms of war for the Army, Navy, and the Air Corps, we have continued to produce elevators. We have manufactured freight as well as passenger elevators for hospitals, ordnance depots, naval warehouses, and other priority installations.

this means...

Although our facilities, organiza-

tion, and resources have enlisted for the duration and have gone all out for war production *as a matter of actual fact we have never been out of the business of manufacturing, installing, and servicing elevators.*

and so...

As our war work is reduced or terminated, this company is prepared — with no change in pace, and without missing a stride — to resume furnishing the highest quality elevators and escalators for all peacetime purposes.



OFFICES IN ALL PRINCIPAL CITIES

ward would increase total butterfat production.

• **Revised Controls Asked**—The third proposal by the committee is that limitation orders be placed on all sales of cream. Some such orders are now in effect, but the committee contends there are plenty of leaks in the allocation system.

For example, some food processors who formerly used butter now have turned to sweet cream. It is also claimed that many plants are separating whole milk for skim milk powder, and selling the sweet cream.

• **Cream Goes West**—There's a heavy flow of sweet cream from the Midwest to California, for instance, where it is purchased by ice cream manufacturers who can pay more than creameries are permitted to pay under price ceilings.

Ice cream production for military use is not limited, and the practical effect of this has been a sizable expansion of ice cream production in areas with many military establishments. The committee doesn't deny the armed forces' need for ice cream, but it does point out that this is a typical diversion of butterfat away from the production of butter.

NEW TANK CONTRACT

International Harvester Co. last week was awarded a \$45,000,000 contract by the War Dept. to build 30-ton General Sherman medium tanks. The work will be done at Bettendorf, Iowa, in the Quad Cities Tank Arsenal. Production is expected to get under way in June.

The Bettendorf plant was originally built to produce light tanks, but instead produced the first major war contract termination of the war when the Army decided it did not need tanks of the type initially planned. The company's \$217,000,000 contract was terminated in March, 1943. Settlement of this contract was completed in July, 1944, for \$25,300,000.

Harvester will continue to produce at Bettendorf the M5 high-speed artillery prime mover on which production was started immediately following the termination of the light tank contract.

P.W.'S WORK ON SCRAP

A detail of ten German prisoners of war went on the job in Baltimore last week at the United Iron & Metal Co. scrap yards. This is the first time that war prisoners have been employed by a scrap dealer and other dealers probably will follow suit. WPB's salvage division and the Institute of Scrap Iron & Steel are circularizing the regulations whereby dealers in all parts of the country can apply for prisoner-of-war labor. In the Baltimore dealer's yards the



BALANCE OF POWER

For smooth power, the balance in the spinning blades of a turbine spindle must match nature's perfect control over our spinning globe. The perfect balance of Hendy turbine rotors has been achieved by new standards of workmanship never before attained in the manufacture and assembly of the more than 4,000 intricate parts for each unit. Such perfection assures you of getting a turbine with longer life and greater economy of maintenance.

Operators have already discovered that the clear-

ances and the microscopic tolerances in Hendy turbines are absolutely maintained over long periods. Painstaking, impartial inspection after hundreds of millions of on-the-job rotor revolutions attest to this unfaltering dependability.

Hendy steam turbines and turbine-generator sets are but two of Hendy's products. Others include gears, hydraulic valves and gates, dredges and Diesel engines. Our nearest office will welcome your inquiry.

HENDY PRODUCTS

JOSHUA HENDY DIVISION • Steam Turbines, Turbo-generators, Diesels, Gears, Valves and Gates, Dredges, Mining Machinery
CROCKER-WHEELER DIVISION • Motors and Generators
 ANY HENDY OFFICE IS READY TO SERVE YOU

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prisoners are employed as common labor and in shearing scrap. The yard owner reports that the prisoners are willing workers and that their work is satisfactory.

Lack of labor in the scrap yards is felt with particular acuteness now that the demand for scrap has picked up again (BW—Jan. 20'45, p22). The trade reports that there is a fair amount of unprepared material in yards which would go far to meet the present tight situation if dealers could get it cut up, loaded, and shipped.

Tire Cut Slated

Civilian production quota faces another drastic reduction as military demands mount; 1945 output may be half 1944's.

A civilian standing in the need of tires will get bad news when WPB hands out a new tire and rubber review within the next week or so.

• **Slash Coming**—Civilian tire production is certain to get another cut. Although final figures for last year and 1945 estimates haven't been tabulated, indications are that new civilian tires in 1945 will not exceed half the 1944 production.

The 1944 goal, which the industry didn't think could be met (BW—Oct. 14'44, p24), was 18,000,000 civilian tires, including passenger car, bus, and truck varieties.

Because military tire production is not disclosed, no direct comparison is available, but 1941 tire production, all types, totaled about 61,500,000. This indicates that 1944 tire production for the civilian market was only about 30% of the 1941 level.

• **Less for Civilians**—In a period of optimism last year, an early estimate called for 8,000,000 civilian tires in January, February, and March this year. Since then the estimate has been cut twice, to a present level of 5,000,000. A third cut is expected to chop this down to 4,000,000, or an annual rate of 16,000,000, but WPB officials seem to feel that military demand will keep on whittling down the civilian share.

In its efforts to balance tire supply against rationed and military demand, WPB has been playing a losing game. A sudden increase in Army requirements the last few weeks upset the apple cart, and measures that are being taken to improve the supply of tires haven't yet become fully effective. These include a \$75,000,000 tire plant construction program, which won't be completed until early in 1946, and new



FISHERMEN MAKE POINTED DEMANDS

In from the rigors of wintry seas, fishermen use axes and steam to uncover trawler hatches so the day's catch can be unloaded at Boston. But the frigid gales that coat vessels with tons of ice are lesser worries among the men who man the nets and dories. They're more interested in OPA's red ration points and the meats and butter, cheese and oils they put on the tables for the four meals and four "snacks" a day which fishermen traditionally devour at sea. Now limited to 5.7 points daily per man, fishermen registered their hunger for more by laying off work two days at New Bedford, by sending delegates to OPA this week with demands, backed by strike possibilities, for an increase to 15 points. The crisis came to a head when stores shut off ration credit to fishermen.

rayon cord manufacturing facilities, to bring capacity up to 240,000,000 lb. annually.

• **Plant Expansion**—The rayon construction program hasn't yet been completed, and already pressure has developed for additional expansion. Under existing conditions, WPB has decided it cannot authorize any more rayon plants, although a few more conversions from yarn to tire cord may be ordered. More new rayon capacity would require more chemical plants and more manpower.

The immediate answer to the tire cord problem will be to convert all 7.50 size tires from rayon back to cotton. But cotton can't carry the load unless the mills improve their manpower situation. When capacity is measured against a full three-shift operation, unofficial estimates are that not more than 70% of existing cotton spinning capacity is working.

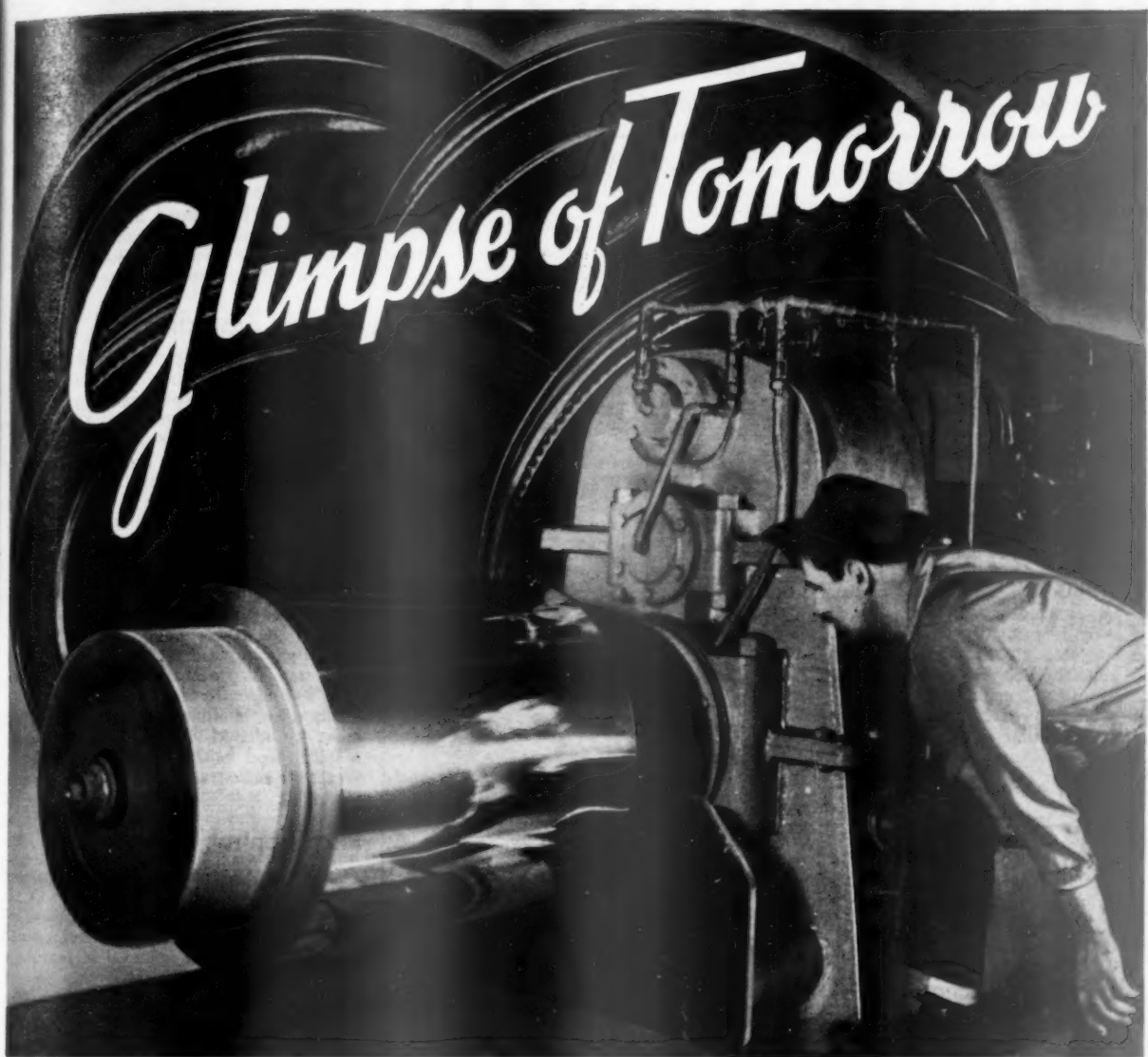
Furthermore, men in touch with the textile industry say that not more than 10% of existing cotton spinning capac-

ity is now engaged in three-shift operation.

• **Diverted to Duck**—As if to make tire cord more critical, about 30% of the spindles designated for cotton cord production have been diverted to the military cotton duck program (BW—Jan. 20'45, p41).

The last WPB tire cord tabulation, in December, estimated 48,600,000 lb. of rayon cord—maximum estimated capacity of the industry—would be used during the first three months of 1945. This would nearly double the amount of rayon cord used in July, August, and September, 1944. Cotton cord estimates were 57,700,000 lb. for the first quarter of 1945, against 47,100,000 lb. in the third quarter of 1945.

• **Rubber Needs Met**—WPB opinion is that rubber supply no longer presents a problem. Even with new tire plants in full operation early in 1946, existing synthetic rubber plants, many of them running at 140% of rated capacity, are expected to meet "all needs."



ELECTROLYTIC tinplate is a wartime necessity that has made good. It is, in fact, the tinplate of the future---here today and here to stay.

Not only does Youngstown Electrolytic Tinplate save critical tin; it is an improved product. More than ten years' research and experience have gone into its development. Tin coating can be much thinner than with hot dipped plate, yet absolutely uniform in its covering. Ductility meets the fabricator's most severe tests --180° bends, sharp angles, embossing and knurling,

curled edges, all without a crack, check or break in the metal.

Every order of Youngstown Electrolytic Tinplate is produced to meet the user's needs--literally custom-made for his own lacquer and forming methods and for the particular service for which his cans or caps are made.

Youngstown Electrolytic Tinplate affords maximum protection to foods at lowest cost.



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CARBON, ALLOY AND YOLOYS STEELS

Electrolytic Tin Plate-Coke Tin Plate-Pipe and Tubular
Products-Sheets-Plates-Conduit-Bars-Rods-Wire-Nails-
Tie Plates and Spikes-Alloy and Yoloys Steels

WAR BUSINESS CHECKLIST

A digest of new federal rules and regulations affecting priorities and allocations, price control, and transportation.

Increased Civilian Supply

WPB has ordered manufacturers of men's heavyweight knit underwear to produce at least the same amount of specified types—union suits, knit shirts, and knit drawers, in certain quantities and sizes—during February and March, 1945, as they produced in the corresponding months of 1944. Knit underwear for the armed forces will be excluded in computing these quotas. For priorities assistance in obtaining yarns or fabrics, manufacturers should apply on Form WPB-2842 to WPB's Textile, Clothing & Leather Bureau, Washington 25, D. C., by Feb. 5.

• **Civilian Ammunition**—Until Apr. 30, 1945, essential types will be released for ranchers, farmers, and law enforcement agencies under Direction 1, WPB Order L-286, as amended. Farmers and ranchers are allowed, each quarter, 25 shotgun shells; 40 center-fire rifle cartridges or 50 rounds of the kind ordinarily packaged 50 to the box; and 100 22-caliber rim-fire cartridges. Law enforcement agencies and defense plant guards are allowed 20 rounds of center-fire pistol ammunition and ten blackshot shells quarterly. Essential users requiring more may apply for additional amounts on WPB-2682.

Decreased Civilian Supply

The number of new passenger cars that will be available for rationing in February has been cut one-third, from the January quota of 3,000 to 2,000.

Tightened Restrictions

Manufacturers who are behind schedule in making Class B products—those for which producers apply to WPB for materials and which include most civilian-type products—may make up their schedule deficiencies in only the succeeding quarter for which such production was authorized. The amount of the lag which may be made up is limited to 10% of the authorized schedule. Formerly, such lag in Class B products could be made up in any succeeding quarter. Controlled materials that are not needed for the purpose for which they were originally acquired may be used on any other schedule in the same plant if the schedule is authorized in terms of units or dollars. (CMP Regulation 1, as amended, including Interpretations 1-25.)

• **Pig Iron**—WPB has limited inventories to a 30-days' supply by Direction 1, Order M-17. If special war needs require more, consumers should appeal to the Pig Iron Section of WPB's Steel Division.

• **Machine Tools**—Under an amendment to General Preference Order E-1-b, machine-tool builders must first meet the delivery dates on rated orders before scheduling any

unrated orders. This tightening of distribution controls has been made necessary to fill the Dec. 31, 1944, backlog of \$200,000,000 rated machine-tool orders (BW—Jan. 27'45, p32). Delivery schedules already established for February and March are not affected.

• **Wood Pulp**—Paper and paperboard mills (BW—Jan. 27'45, p22) are required to use, in the first quarter of 1945, 5% less market wood pulp than their original authorized quota for this period. Direct military programs will not be affected.

• **Surface Heaters**—Under Direction 1, WPB Order L-107, delivery of unit heaters for extended surface heating will be limited to orders with ratings of AA-2X or better during the 90-day period beginning Jan. 16 and ending Apr. 16, 1945. Formerly, sales were restricted to orders rated AA-5 or better.

• **Linseed Oil**—War Food Administration has chopped another 10% (from 60% to 50% of 1940-1941 use) off the quantity of oils to be used in manufacturing protective coatings, coated fabrics, and floor coverings in the first quarter of 1945. (WFO 42a, as amended.)

• **Civilian Work Gloves**—To correct maldistribution, WPB has ruled that a glove manufacturer in any calendar quarter must

have accepted rated orders amounting to 30% of his quarterly output of leather combination gloves, and 35% of his quarterly production of Canton flannel gloves before he may make any deliveries on unrated orders. If he has met this requirement, and has no additional rated orders, he may then sell to buyers having no preference ratings. He must, however, accept additional rated orders up to 35% of his output of leather combination gloves and 40% of his Canton flannel glove output if such orders are offered. This ruling applies only to civilian production. (WPB Order M-375, as amended.)

Relaxed Restrictions

Distinctions between the use of domestic silver and Treasury "free" silver—silver sold by the Treasury Dept. upon approval of WPB—have been removed by Direction 3 to Order M-199. Treasury silver can now be used for any purpose for which domestic silver could formerly be used. WPB emphasized, however, that this ruling does not increase the amounts of silver that may be utilized under its orders.

• **Truck and Trailer Bodies**—Special limitations on the use of iron and steel in truck and trailer bodies have been removed through the revocation of WPB Order L-253. Iron and steel for this purpose, other than stainless steel and galvanized sheets, will be subject to regular Controlled Materials Plan allotments, however. Amendment 4, Order M-126, prohibits the use of stainless steel in truck and trailer bodies except in milk trucks and refrigerator-type trucks.

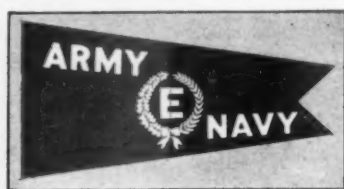
Price Control Changes

OPA has established a flat maximum price of 18¢ a lb. for aluminum scrap that is suitable for use in small articles without remelting. Before this, sellers were required to apply to OPA for approval of maximum prices. Plants may now sell this type of scrap to dealers at the prices at which they sell it to fabricators. (Amendment 8, Regulation 2.)

• **Tires and Tubes**—Ceiling prices granted individual manufacturers since May, 1944, on new tires and tubes for inclusion in the original equipment of new vehicles will apply to any other manufacturers making the same tires and tubes. Ceiling prices for original equipment agricultural tires and tubes have been revised to bring various sizes in line with other ceilings. (Amendment 3, Revised Regulation 119.)

• **Boned Beef**—The amount that may be charged for contract boning of beef carcasses for the production of frozen boneless beef for the Army has been increased 45¢ a cwt., based on the delivered weight of the carcass to the boner. This is a step in the program to increase the Army's procurement of frozen boneless beef 39% over its average weekly purchases in the comparable period in 1944. (Amendment 51, Revised Regulation 169.)

• **Lightweight Book Papers**—Ceiling prices for the process of applying secondary finishing to these papers have been raised 50¢ a



Artcrest Mfg. Co.
Chicago, Ill.
Chandler-Evans Corp.
Dayton, Ohio
Diecasters, Inc.
Ridgefield, N. J.
Manufacturing Industries, Inc.
Chicago, Ill.
A. J. Miller Auto Cruiser Trailer Co., Inc.
Bradenton, Fla.
The Monarch Marking System Co.
Dayton, Ohio
Nuodex Products Co., Inc.
Elizabeth, N. J.
The Trumbull Mfg. Co.
Warren, Ohio
Zenite Metal Corp.
Indianapolis, Ind.
The J. A. Zurn Mfg. Co.
Eric, Pa.

(Names of winners of the Army-Navy and Maritime Commission awards for excellence in production announced prior to this note list will be found in previous issues of Business Week.)

100 lb. on paper weighing from 40 to 54 lb. per 500 sheets (25 x 38 in.), and \$1 a 100 lb. on papers weighing less than 40 lb. in the same amount and size. The increases, which may be added to the existing differentials for applying secondary finishing to normal weight book papers, may be passed on by the wholesalers to the printers. (Amendment 6, Regulation 451.)

• **Rubberized Aprons**—Ceiling prices—80¢ on sales by the Treasury Dept.'s Procurement Div., f.o.b. point of shipment to jobber or wholesaler—have been established on 10,000 new rubberized aprons made for the U. S. Army Medical Corps and now being sold for civilian use. On sales to retailers, the price is \$1.15 per apron; to consumers, \$1.90. (Order 20 under Supplementary Order 94.)

• **Pneumatic Life Rafts**—OPA has established maximum prices for new and used five-man, 1,000-lb. capacity Army pneumatic life rafts, which are being sold by the Procurement Div. of the Treasury Dept. for civilians. New rafts are being sold by the Treasury Procurement Div. at \$84.50 to wholesalers and at \$99.50 to retailers. Used rafts are selling at 75% of the ceilings for new rafts. (Order 22 to Supplementary Order 94.)

Ration Control Changes

OPA has announced a ration holiday for men's and women's shoes in odd-lot sales beginning Feb. 19 and ending Mar. 3. It is estimated that more than 4,500,000 pairs of shoes will be sold ration-free during this time. The sale price for shoes from a retailer's stock must be at least 25% below his regular price on Feb. 1. Retailers' markups on shoes purchased from another dealer must not exceed 33½%. Retailers must mark each pair sold under this arrangement as "Release No. 88." (Amendment 88 to Ration Order 17.)

• **Fuel Oil Rations**—Further applications for fuel oil rations for heating equipment to be reconverted to burn oil will not be accepted, OPA has announced. As a result of this action, taken at the request of Petroleum Administration for War, individual householders and other small volume users will be eligible for reconversion rations only in hardship cases. Consumers who have already reinstalled their oil burners or those who have received an advance ration for equipment now being reinstalled are not affected. (Amendment 45 to Revised Ration Order 11.)

Surplus Property Information

A Buyer's Guide for Surplus Property has been issued, listing the types of surplus property handled by each of the disposal agencies. The leaflet furnishes the locations of the agency offices to which prospective purchasers should apply and the regions covered by each office. It also lists offices of Smaller War Plants Corp., which is working with the surplus disposal agencies to keep small business informed on properties for sale. Copies may be had for 10¢ from the Superintendent of Documents, Washington 25, D. C.

OUT OUR WAY



SPEEDI-DRI, the new, revolutionary, oil-absorbent, is lowering accident rates in hundreds of plants, cutting down on slips and falls, eliminating danger of fast-spreading fire. **SPEEDI-DRI** is a white, granular material that blots up oil, cheers up employees.

Spread on; **SPEEDI-DRI** provides an immediate non-skid surface. Swept off; **SPEEDI-DRI** leaves concrete, steel or wooden floors home-clean and dry. It requires no special machinery to apply, no elbow-grease or strong-arm work. One plant took two men off floor maintenance and put them to more valuable work, after discovering **SPEEDI-DRI**.

Send for a **FREE SAMPLE**. . . **SPEEDI-DRI** for ordinary oils and greases, **SOL-SPEEDI-DRI** for soluble oils. See for yourself why leading companies are ordering in carload lots.

SUPPLIERS: East—Refiners Lubricating Co., New York 1, New York.

Midwest & South—Waverly Petroleum Products Co., Philadelphia 6, Pa.

West Coast—Waverly Petroleum Products Co., Russ Bldg., San Francisco 4, Calif.



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Look How Our Payments of CREDIT LOSSES JUMPED After World War I



Failures Multiplied after World War I. As one result . . . from the 1919 level . . . credit losses paid by American Credit Insurance jumped more than 2000% in three years. For many companies, Credit Insurance prevented disaster.

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**Pays You When
Your Customers Can't**

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

FINANCE (THE MARKETS—PAGE 114)

Another SEC Ban?

Study of floor trading leads to recommendation that this practice be eliminated. Street's opinion is divided.

The Securities & Exchange Commission, which jolted Wall Street recently by invoking for the first time its power to halt security trading (BW—Dec. 9 '44, p. 56) and to prohibit a public offering of utility bonds even though the issue had been sold to underwriters by competitive bidding as SEC requires (BW—Jan. 4, '45, p. 62), may soon exercise still another of its prerogatives under the Securities Act of 1934.

• **Inspired by Motors Boom**—Abolition of "floor trading"—indulged in from time immemorial by some New York stock and curb members—may be ordered as a result of an SEC analysis of such transactions over the past decade. The survey was inspired by the extreme activity of Big Board floor traders during the period of last summer's wildly speculative boom in the low-priced motor stocks (BW—Aug. 12 '44, p. 7).

The disclosures in this study led James A. Treanor, Jr., head of the commission's Trading & Exchange Division to believe that a typical floor-trading operation actually "differs little in its impact on the public and prices from the traditional old-fashioned pool operation" long since banned. Accordingly the division is now recommending definite SEC steps to prohibit all such future activity on New York's two leading stock exchanges.

• **What the Order Includes**—By "floor trading" the SEC has specific reference only to the buying and selling of stock by an exchange member for his own account and his own personal profit while he is physically present on the trading floor.

It does not mean, for example, the personal trading business an exchange member (even an habitual floor trader) may indulge in, by means of telephone orders, when actually away from the floor.

Neither does the SEC refer to the activity of the so-called specialist who mainly confines his floor attention to certain individual stocks and must trade in them whenever it becomes necessary to maintain an orderly market in the

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issues. Nor does the commission have in mind the transactions of member odd-lot dealers who must maintain positions in various stocks to perform their market function properly.

• **The Same Objective**—Basically, the motive behind the floor trader's activity is no different from that inspiring stock orders originating in brokerage board rooms or, for that matter, the activity of the dealer in general merchandise. His prime aim, like that of the others, is to buy "cheap" and sell "dear."

However, the floor trader making his living from his security trading profits does enjoy some extra advantages in his chosen trade denied to the average trader operating from brokerage house board rooms.

His overhead, for one thing, is virtually nonexistent, aside from his initial investment in an exchange membership and related costs.

Rarely does he have office expenses to pay since desk room and office service are usually provided by the member firm paid for clearing his transactions. Clearance charges run only from 30¢ a 100 shares on stocks costing \$1 or less up to \$3 for stocks priced above \$50.

• **Pays Usual Taxes**—Like ordinary traders, the floor trader must pay the regular taxes and SEC registration charge assessed on stock transactions. But he pays nothing else on his trading ventures, whereas the outsider, when trading, must also fork over Big Board commissions which, in the case of 100-share lots, range from \$6 for stocks selling at \$1 up to \$35 when the price is \$90 or more.

It is true that, unlike the board room trader who's not called on to settle transactions until the second full business day after their execution, the floor trader must always have on deposit with his clearing agent the full margin requirement imposed on brokerage customers at the actual time that the trading takes place.

But because of his small out-of-pocket costs, he can register profits for himself on a trading basis that would send the ordinary trader into the red.

• **How He Operates**—In a fairly active market, for example, he can buy a 100-share block of stock at a price of \$60, sell it a few minutes later at even such a slightly higher price as \$60.37, and still reap a profit, after expenses, of over \$24 on the deal.

The board room trader can't operate on such a basis. He needs a wider margin since his commission costs alone on that round trip would come to some \$55. Were he to complete such a deal, he would lose almost \$28 and his broker would be the only winner on the transaction.

Being on the scene at all times, the

FACT OR FICTION? A 47-SECOND QUIZ ON THE TREASURE STATE

1 CAPTURE OF BUTTE, MONTANA AND 25 SQUARE MILES AROUND THE CITY BY AXIS FORCES, IN 1941, MIGHT HAVE CRIPPLED U.S. WAR PRODUCTION. FACT OR FICTION?

2 PORTABLE PONDS CAN MOVE RIGHT ALONG WITH THE GOLD DREDGES, IN MONTANA. FACT OR FICTION?

3 SAPPHIRES MINED IN MONTANA ARE USED AS TRADE GOODS, IN THE ARMY'S DEALINGS WITH SOUTH PACIFIC TRIBES. FACT OR FICTION?

4 SOFT-DRINK SHORTAGE MAKES AXIS WAR LORDS COVET MONTANA'S PHOSPHATE ROCK DEPOSITS. FACT OR FICTION?

5 EXTRA WIDE RIGHT-OF-WAY GAVE NORTHERN PACIFIC ITS NICKNAME MAIN STREET OF THE NORTHWEST. FACT OR FICTION?

CHECK YOUR ANSWERS HERE:

1. Fact. At war's outbreak, mines in Butte and vicinity worked a miracle of manganese production, using "pink ore"—a former waste material . . . and this manganese has been a mainstay of America's armament industries. Montana ships much of its priceless minerals via Northern Pacific Railway.

2. Fact. Dredges can dig passages ahead, fill them up behind, thus pull their ponds with them. Northern Pacific has carried huge fortunes in gold from Montana mines.

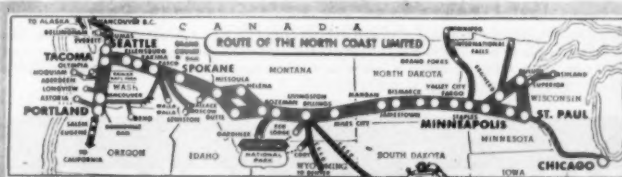
3. Fiction. As jewel-bearings in precision apparatus such as bomb-sights, sapphires have priceless value. N. P. carries Montana's sapphires to war plants.

4. Fiction. Not for soft drinks, but for making steels, medicines, explosives, the Axis greedily covets America's phosphate rock. Phosphorites from Montana-Wyoming-Idaho reserves (by far the world's largest) are hauled in quantity by N. P.

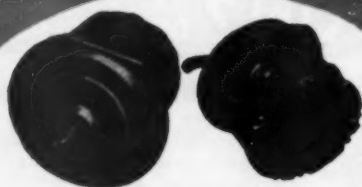
5. Fiction. This famous slogan means that Northern Pacific links the largest number of important population centers in the Northwest states.

FREE..LOTS OF FUN..

Send for the FACT OR FICTION booklet—44 pages, illustrated. Address Northern Pacific Railway, Room 943, St. Paul 1, Minnesota



NORTHERN PACIFIC
Main Street of the Northwest



Reliance enclosed Mine-type Motors specially designed, electrically and mechanically, for tough jobs.



Arrows above indicate the locations of Reliance Motors on the Eimco RockerShovel at work.

✓ Here's where RELIANCE MOTORS REALLY TAKE A BEATING . . .

Eimco RockerShovels work far underground. Their job is to scoop up the ore and rock, loosened by drilling and blasting operations, and load it into cars. It is tough, dirty, wet, bruising work, which is being handled with 100% satisfaction through use of Reliance Motors that are specially designed, both electrically and mechanically, for such duty.

It's a good rule whenever you have need of motors that can really take a beating to call in a Reliance Application Engineer. For the tough jobs as well as the everyday ones, Reliance Motors have what it takes.

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Birmingham • Boston • Buffalo • Chicago • Cincinnati • Detroit • Greenville (S. C.) • Houston
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(Ore.) • St. Louis • San Francisco • Syracuse • Washington, D. C. and other principal cities.

RELIANCE ^{AC}_{DC} MOTORS

"MOTOR-DRIVE IS MORE THAN POWER"

floor trader is in a position to reap definite advantages from his early knowledge of the way the wind is blowing in the stock market. He is able to be one of the first to ride a buying wave, is able to shift quickly if the trend should change abruptly.

• **Difference of Opinion**—Some sections of Wall Street have always claimed that the floor trader has had a stabilizing effect on the market and that he has often absorbed large chunks of securities at times when the public was hastening to dump them and issuing few buying orders to the trading arena.

Other brokers, however, doubt that the floor trader ever was a particularly stabilizing influence. They recall times in the roaring 'twenties when many substantial profits were made on the short side as a result of floor brokers' pouncing on a wavering stock with a big selling order and later covering their short position at the much lower prices that their "stabilizing efforts" promptly helped produce.

This group agrees that the floor trader years ago very often created a large volume of business. Various regulations since instituted, however, have greatly restricted floor trading volumes, as full margins are now needed at all times, and short sales can only be made at times of rising prices, not during the moments of stress and strain that provide the best opportunities in that direction.

• **Depends on Agility**—To operate profitably now, the average floor trader must depend on his ability to detect important buying and selling orders, likewise on his agility thereafter to "ride" profitably on the waves that have thus been created.

Few in the Street consider his operations dangerous to the market any longer. Many think that the only strong case that could be made against the floor trader in the current scheme of things would be on the grounds that he is a parasite.

• **SEC Disagrees**—The SEC's Trading & Exchange Division, however, considers the floor trader much more than just a nuisance. Its report indicates that inflated floor trading activity was largely responsible for the avid public buying that caused such spectacular price gyrations in a number of stocks during last summer's boom in the low-priced motor stocks.

Only 35 of the New York Stock Exchange's 1,375 members can be considered real floor traders, although others may become floor traders on occasion and take personal positions when they have no competing orders to execute for clients.

Floor-trading business is believed to run around \$350,000,000 yearly. This



that business operations in a swiftly changing world will become more complicated, rather than simpler, and that the need for competent insurance brokerage will become greater than ever.

Under such conditions our service facilities—as in the past—will be altered and expanded to meet our clients' needs. But in one respect there will be no basic change—the fact that we have *no axe to grind, but yours.*

NO AXE TO GRIND - BUT YOURS

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100 YEARS AS BUYERS OF INSURANCE FOR COMMERCE AND INDUSTRY

Up from Glamour

"Up from Glamour" or, "Out of the Notions Department, Into the Foxholes—and Headlines!" . . . that's what we might call the astonishing drama of plastics' wartime career.

When the Japs hit Pearl Harbor, plastics were prime movers in the



realm of gadgetry and glamour with their permanent color or water-clear transparency, their smooth finish, pleasant touch, lightness-with-strength.

Today, those same advantages are military assets. Vuepak, which



allowed customers to look in on orchids, now lets airplane and tank crews look out through its transparent goggle lenses. Lustron, once the mainstay of many a novelty line, now serves as lightweight



acid-proof battery cases in aircraft. So the story goes through the whole broad and versatile family of Monsanto Plastics.

The swift graduation of plastics from the clever, sales-appealing novelty into hard-working, hard-fighting, utilitarian materials has been one of the most interesting and significant sidelights of America's war production . . . and its industrial research.

To keep abreast of the wartime developments in plastics we invite you to place your name on Monsanto's mailing list. Simply address: MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Massachusetts.



represents only 5.3% of the Big Board's total transactions, but such trading at times may account for as much as 80% of the daily activity in a particular issue.

• **One Sells Seat**—The New York Curb Exchange is believed to have about 15 floor traders. No official estimates are available, however, as to what percentage of its business comes from them.

When SEC first made public its floor-trading report, one Big Board floor trader is said to have promptly sold his seat for \$61,000, a price \$4,000 under the last sale and \$13,000 below the six-year high registered a few months ago. Others, thus far, haven't appeared greatly concerned.

• **Some Surprise**—The president of the New York Stock Exchange, Emil Schram, expresses surprise that SEC should have made public its own report, after encouraging the exchange recently to make a similar study itself, without at least looking at the Big Board's findings. Apparently he doesn't agree with SEC's conclusions. Schram is reported to believe that a compromise solution is possible.

Lower Interest?

England's move to trim cost of war financing brings rumors of similar action here. Buying sends bond prices up.

Late last year London financial area received something of a shock when the British Treasury announced that a new 1½% bond, due in 1950, would be substituted for the old national war issue 2½s, 1952-54, on which the government had depended to finance a large portion of the country's war costs.

• **Reaction in U. S.**—This news was quickly interpreted as presaging a period of much lower interest rates. There was a rush by investors to adjust their positions profitably before the Exchange's lower-cost financing plan became thoroughly discounted market-wise, and the London gilt-edged market has since advanced very sharply.

Well aware of Secretary of the Treas-

Longevity in Dividends

There are now 340 common stocks listed on the New York Stock Exchange that can boast of ten-year unbroken strings of annual dividends. Of these 212 have paid successive yearly dividends (although some in the early 30's may have been of the "token" variety) for periods extending back to at least 1929.

The New York Curb Exchange can also brag a bit. Despite its many "unseasoned" issues, some 160 curb-traded common stocks have paid dividends for ten straight years, and 108 started their unbroken disbursement records in 1929 or earlier.

The real long-termers, however, are the stocks that have paid dividends every year for 50 years or more. The Big Board can boast of 20 of these, the curb of 13. Here is a list of these star performers, with the year in which their unbroken string of dividends first started.

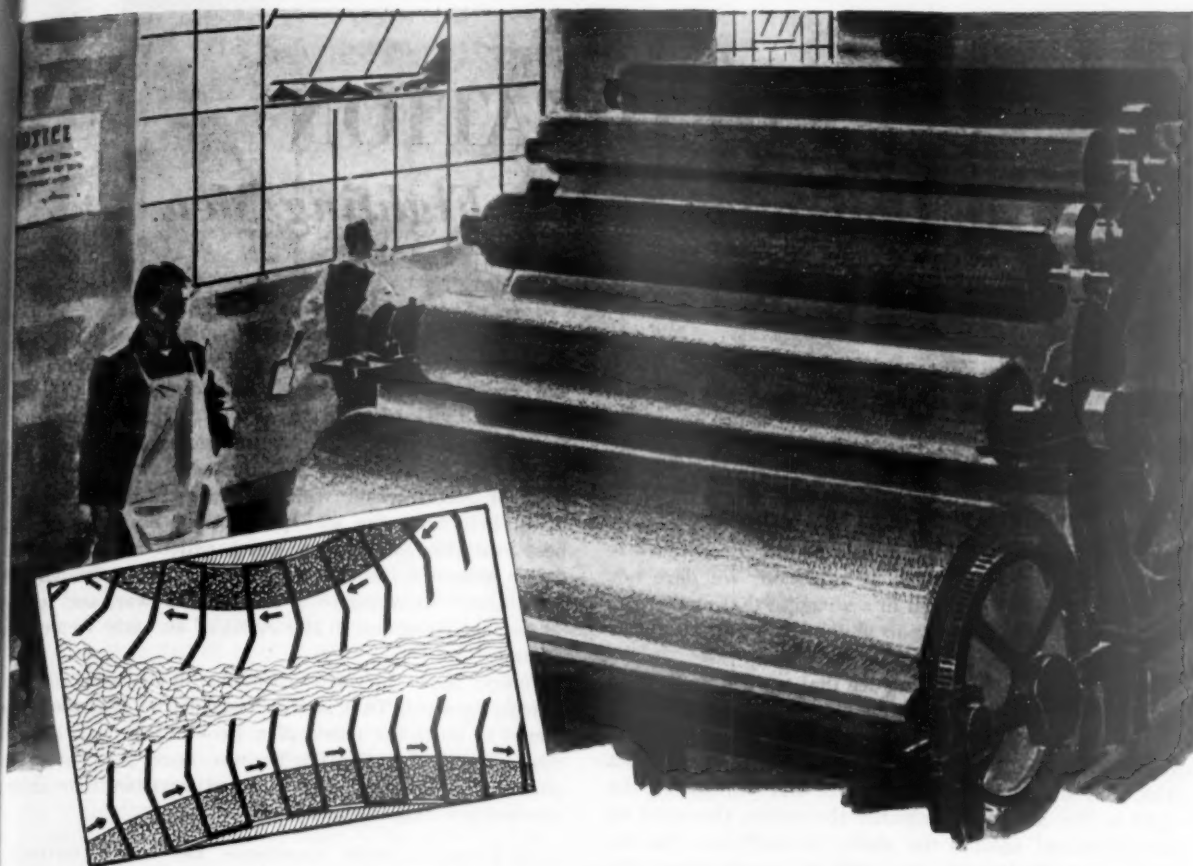
New York Stock Exchange

Pennsylvania R.R. (1847)	Northwestern Telegraph Co. (1881) ^a
Corn Exchange Bank & Trust Co. (1853)	S. S. White Dental Mfg. Co. (1881)
Continental Insurance Co. (1854)	Standard Oil of New Jersey (1882)
American News Co. (1864)	Consolidated Edisor Co. (1885)
Washington Gas Light Co. (1866)	United Gas Improvement Co. (1885)
Westinghouse Air Brake Co. (1875)	Hackensack Water Co. (1888)
Parke Davis & Co. (1878)	Rubberoid Co. (1889)
Lehigh Coal & Navigation Co. (1880)	Commonwealth Edison Co. (1890)
Diamond Match Co. (1881)	Procter & Gamble Co. (1891)
Gold & Stock Telegraph Co. (1881) ^a	Colgate-Palmolive-Peet Co. (1895)

New York Curb Exchange

Pepperell Mfg. Co. (1852)	Pittsburgh & Lake Erie R.R. (1886) ^a
Scoville Mfg. Co. (1855)	New England Tel. & Tel. Co. (1886) ^a
Pennsylvania Salt Mfg. Co. (1863)	Bell Telephone Co. of Canada (1891)
United N. J. R.R. & Canal Co. (1872) ^a	Southern New England Tel. Co. (1891) ^a
Camden Fire Insurance Co. (1873)	Insurance Co. of North America (1892)
North Pennsylvania R.R. (1879) ^a	Chesebrough Mfg. Co. (1893) ^a
Providence Gas Co. (1881)	

^a Western Union System. ^b Pennsylvania R.R. System. ^c Reading Co. System. ^d New York Central System. ^e Bell System. ^f Separated from Standard Oil (N. J.) in 1911.



Carding Wool is a Tug OWire!

IN a wool carding machine, thousands of tiny wire teeth tug at each strand of wool until the matted fibers are separated and paralleled sufficiently for spinning. Without this important operation, wool would remain in tangled lumps—totally unfit for manufacturing into cloth.

One of the *vital parts* of this carding machine is the *wire teeth*. Fastened to a backing of fabric or leather—as many as 780 to the square inch, these tiny wire teeth catch the wool fibers, pull them to straight lengths and carry them on to the next roller.

Hard tugging demands *high tensile strength* and *resiliency* in the card wire to prevent breakage or permanent bending. To hold its sharp point and resist the harsh abrasion of tough wool fibers, it must be hard—high in carbon. Finish must be smooth so the wool will not be torn. Add to these rigid specifications a tolerance of only .0002 in diameter, and you see why it takes a *top notch job* of wire drawing to deliver the kind

of wire needed for this critical carding operation.

For the past 30 years, Worcester Wire Works has been doing that kind of wire drawing—not only for textile applications but for scores of other industries who demand the *very finest wire* available for their particular requirements.

Our engineering and research staff is ready to help you with your wire problems, to aid in developing special types of wire for your individual purposes, to improve the manufacture of your product or increase its serviceability.



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REDEDICATION

An Obligation to Our Fighting Men

DURING the last few weeks we have been forcibly reminded that so long as we still are fighting either of our major foes, first claim upon the productive resources of the United States—its manpower, materials, utilities, and industrial facilities—must be the production and delivery of munitions and war supplies. All other claims are secondary. No responsible citizen would have it otherwise. For in this war even more is at stake than our existence as a Nation. We dare not forget that we are engaged in a struggle that challenges the fundamental values upon which our civilization has been built.

It is not easy to list the values that we are fighting to uphold. They have been clothed in a variety of shapes over the centuries. They will assume new forms in the years ahead. But they have an inner consistency that free men the world over can feel and recognize: the right of the commoner against the noble, the right of the individual against the state, the right of trial by jury, the right to vote, the right to an education, the right to freedom of speech and worship, the right to work in a sphere of one's own choosing, the dignity and the equality of the individual under the law—these are our cultural heritage, painfully won and often precariously held over the ages, always to be rewon, redefined and buttressed by each succeeding generation of men.

The preservation of this vital core of value, and its transmission to our sons and daughters depends upon our victory in this struggle. So those things which are essential to victory must come first. And since the production of war munitions in overwhelming volume and quality can hasten that victory and save countless lives of our fighting men, no effort that will contribute to this end should be regarded by us as a sacrifice.

☆ ☆ ☆

The present is no time for self-congratulation upon our achievements either in the theatres of battle or of production. The mounting casualty lists should suffice to curdle the savor of any such indulgence. The most that can be said in reasonable taste and good conscience is that performance in both fields is such as to warrant our firm confidence that we can carry to successful completion the tasks that remain to be done.

Nor is there profit in even observing, much less exploring, that the tasks ahead are more formidable than those which were defined for us a few short months ago.

Then, all of us—military leaders, government officials, workers, and business men—were riding a crest of optimism as to an early end of the war in Europe and as to the character and dimension of the war against Japan. Already we had begun to turn anxiously toward the problems of reconversion which then seemed so near at hand. Schedules for war production, based upon the best available estimates of need, called for a 5 billion dollar reduction from 1944 performance, even though we might have to continue a two-theatre war, and for a 40 percent reduction in the event of an early victory in Europe.

Today, those forward estimates have been revised sharply upward. That is true both of the 1945 requirements to meet the needs of a two-theatre war, and of requirements for the Pacific war once the European phase is ended. For this upward revision four chief reasons are responsible:

1. European battle experience has shown markedly greater use of expendable munitions than was provided in the formulae upon which our original production schedules were calculated: the result has been a depletion of inventories on a scale that would become dangerous if allowed to continue.
2. Experience has also demonstrated the need for new types of weapons or increased complements of some existing types to match new enemy equipment or tactics.
3. A less easy optimism as to the early ending of the European war has given rise to a growing disinclination to gamble on the approximate date.
4. An increasing conviction prevails that the war against Japan may require ground-army operations on the Asiatic mainland on a scale greater than originally premised.

But if these changes in the fortunes and outlook of war have raised our estimates of military requirements, may not subsequent favorable changes in the military situation cause them again to be revised downward? It is entirely possible. But our military men have learned that they cannot safely discount what *might desirably happen* as something that *will happen*. Those working on the production front also must learn that lesson. Fortunately, the record shows that we have been able to maintain a war production almost equal to that of the rest of the world combined, even while we produced for civilian use on a scale that has been large even by our

own pre-war standards. So we have ample margin to whip whatever war job may be required of us. As now defined, the task will not be easy. But it can and will be done.

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What, then, is the production task with which we are charged? Our 1945 production for the two-theatre war now calls for the substantial maintenance of the over-all levels reached in the latter months of 1944. But there is a shift of emphasis. Almost half of the programs for specific equipment items are declining. A few are scheduled to hold level. About 45 percent are scheduled to rise sharply. That means that workers and facilities must be shifted to man the expanding programs. At the same time the armed services are calling for many more men than can be supplied from those who become newly eligible to the 18 year old age group. That means further drafts upon war workers. It means also replacements for them when they are taken from the expanding programs. Finally, events demand that we produce as much as possible of many items during the first half of 1945.

Our task, then, is one of intensified effort for the immediate future, with multiple readjustments at a stage when adjustments are hard to make. Materials for which demand was easing as pipe-lines were being drained in anticipation of falling schedules again are tight as the pipe-lines are being refilled to meet augmented requirements. Men, women, and facilities must be shifted from less essential to more essential tasks. What must be done will be done. But unless there is much voluntary accommodation, it will be necessary for us to suffer a formidable amount of governmental direction which none of us likes, many of us deeply resent, and all of us, when personally affected, volubly protest. The more we police ourselves, the less we shall be policed.

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Even after Germany has been defeated, we shall still face a far from light production requirement to continue the war against Japan. As currently defined this phase might require war expenditures at something like \$70 billions a year, an over-all reduction of approximately 20 percent from the \$89 billions spent in 1944. Reduction in munitions output would be somewhat greater, probably from 25 percent to 30 percent below 1944 levels. But it is important for us to acknowledge that the reduction is going to be substantially less than the 40 percent previously estimated.

Only a few months ago there were those who questioned sharply the possibility that we might need 60 percent of current munitions output to win the Japanese war. Now the judgment of the military is that 70 percent will be none too high.

Actually the latter level would represent an increase of little more than 50 percent above what now is being produced for the Pacific area. This, certainly, is a modest estimate when we reflect that we shall inevitably more than triple the Army forces assigned to that theatre.

Such a program probably would give us a current munitions supply from three to four times that produced by Japan, but it is believed that we shall need that much to compensate for the advantages derived by Japan from the fact that she will be fighting a defensive war, from the volume of her accumulated stores, from her prepared positions, her shorter lines of supply and transport, and from her large troop reserves, the bulk of which we have yet to meet in battle. Certainly our present 3 to 1 production edge over Germany does not appear to be excessive.

The more modest V-E Day cuts contemplated by the present plan will mean a less acute reconversion problem when they are made, but will leave a greater one to be met at the end of the war. They will mean probably a net increase of not more than 4 million workers available for civilian work during the transition period. Their orderly absorption should present no embarrassing problem. Indeed, we now are warned by Washington that war production following V-E Day may require the protection of considerably closer control than was contemplated under the 40 percent cuts previously expected.

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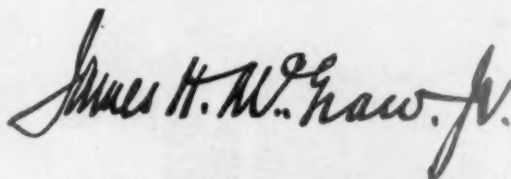
In short, we face for the immediate future a more difficult production job. It is made the more formidable by the fact that we had dulled the keen edge of our will to produce by our premature expectation of a reduction in requirements. Now we are told that the trend of war production for the immediate future is up, that it is unsafe to discount the date of victory in Europe, and that the amount of leeway for reconversion after the defeat of Germany is less than had been anticipated.

Accordingly, we must rededicate ourselves to the task of driving war production up. We must do without some of the things that we have enjoyed on the civilian front rather than demand more of those things; we have still to devote our abilities and energies first and foremost to the demands of war.

Whatever will assure and hasten victory must have first place in any statement of American policy.

Without victory, our aims, and the underlying values upon which they are based, will be extinguished, blotted out by the opposing aims and values proclaimed by our enemies.

The needs of our fighting men must be put first. For, unless we win the war, the National aims and policies of the United States will cease to have meaning in the world.



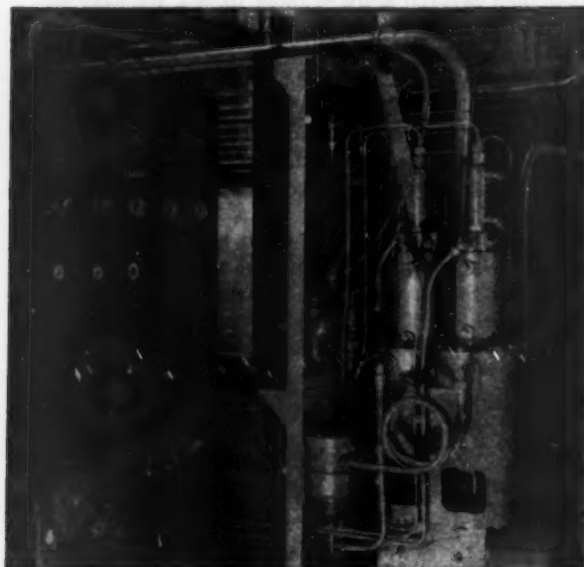
President, McGraw-Hill Publishing Co., Inc.



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This was a question that had never come up until we were handed a neat little problem by Clark Bros. Co. and the M. W. Kellogg Co. in connection with a highly important piece of U. S. Army equipment, the purpose of which cannot be disclosed. It was an interesting challenge. Nevertheless, our long experience in designing tube systems to meet the unusual demands of industry permitted us to take the job



in our stride. To be sure, it took some "doing" to provide the necessary over-range protection to withstand atmospheric temperatures as high as 150°F . when not in service; to produce the calibrating equipment; and to determine which metals would perform safely when exposed to such low temperatures.

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BUSINE

ury Henry Morgenthau's penchant for holding down U. S. war-financing costs, the British move immediately caused Wall Street government bond circles and bankers to appraise carefully the possibility of similar action in this country when the time for the Seventh War Loan campaign rolls around.

• **Sends Prices Up**—Discussion of the possibility of a fundamental change in the wartime pattern of government financing and cheaper money rates has produced a flood of rumors.

It has been generating a strong upward surge of prices in the government bond market in recent weeks. This trend is being watched with considerable interest in Washington since many banks and other investors—in their fear that future Treasury issues will carry lower coupon rates—are helping to create now by their avid buying the exact situation they are anxious to avoid.

• **May Convince Treasury**—Already the long-term 2½% bonds and the 2s, 1952-54, sold at par during the November-December sixth loan drive are commanding premiums of about one point each in the open market. As that premium increases, the yield to buyers obviously declines.

Some bankers believe that the rise in prices and lowering of yields may well convince the Treasury Dept. that a reduction in interest rates is quite feasible.

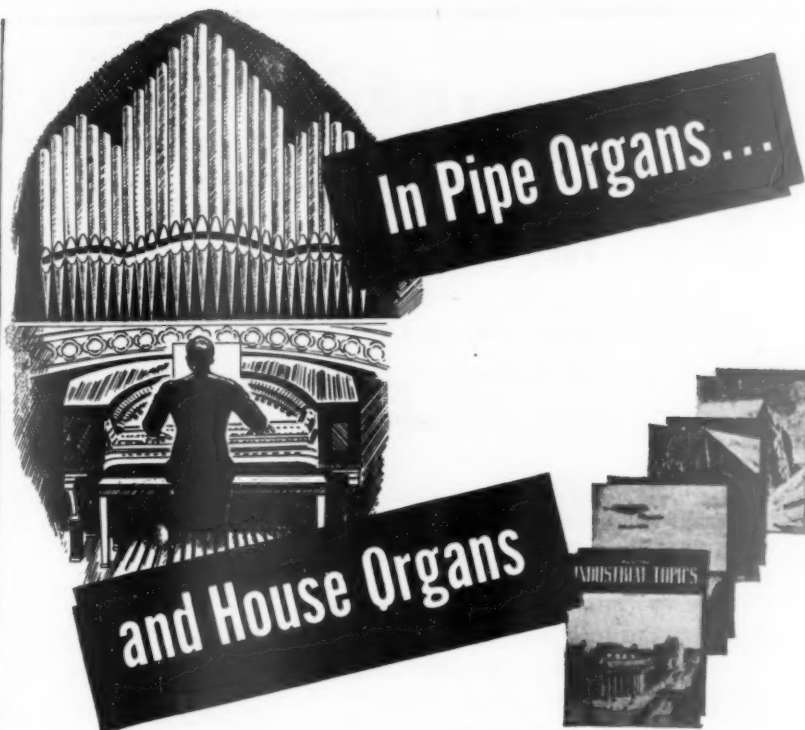
The most popular of the rumors now making the rounds indicate that the ten-year 2s offered during recent war bond drives may be transformed into a ten-year 1½% issue or a longer-term issue with no change in the coupon rate; that 1½% Treasury notes may make an appearance; that the familiar long-term 2½% bonds may no longer be offered; and that a new long-term issue with a 2½% or even 2¼% coupon may be sold.

• **No Decision Yet**—There has been no official word indicating that lower interest rates are in prospect, and Morgenthau recently announced that the department wouldn't decide on the make-up of securities to be offered during the seventh drive (now expected in May or June) for a couple of months.

However, the British move to reduce borrowing costs is reported successful, and some quarters even see the possibility of further changes later to terms even more favorable to the Exchequer.

• **Watching Closely**—Faced with the task of carrying the heavy federal debt at as low a figure as possible, it is evident that Washington is watching the British experiment closely. Possibility of similar action here cannot be lightly dismissed.

If a trend toward even lower interest rates should develop, as a result of a



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A NATIONWIDE FINANCING SERVICE

Treasury revision of its borrowing rates, it would have very far-reaching effects. For example, there undoubtedly would be a further strengthening of prices for bonds and preferred stocks still selling well under their call prices. Also, it would result in considerable corporate refunding operations.

• **Boost for Stocks**—Because of the pressure of idle money seeking a "fair" return, it would likewise probably prove a strong stimulus for common stocks.

BUS SYSTEM SHAPING UP

The new coast-to-coast bus system that is being formed by integrating several regional lines and that promises Greyhound brisk nationwide competition is still being kept quiet by its promoters (BW—Nov. 11 '44, p. 20). But two developments this week revealed its outlines even more clearly.

Purchase of All American Bus Lines, Inc., was completed by a syndicate headed by Gloré, Forgan & Co. and Kebbon, McCormick & Co., two Chicago investment houses, for an undisclosed price.

I. B. James, president of the railroad-owned Burlington Transportation Co., resigned to become president of All American, effective immediately. This move gave support to reports that All American, seeking a western backbone for its network, would take over Burlington's 8,500-mi. system which operates modern air-conditioned buses from Chicago to Salt Lake City, thence to Los Angeles and San Francisco. Burlington R. R., which previously had announced that it might sell 51% of its bus company, will not admit or deny that the merger is scheduled.

All American previously strengthened its system by taking over Northern Trails and Eastern Trailways.

MORE TRACTION SALES

Virginia Electric & Power Co. is now ready to sell its remaining transit lines and thereafter restrict itself to supplying electric power as demanded recently by the Securities & Exchange Commission under the Utility Holding Company Act of 1936.

Following the recent successful sale of its Norfolk and Richmond transit lines to Virginia Transit Co.—controlled by Equitable Securities Corp. of Nashville, Tenn., and A. C. Allyn & Co. of Chicago (BW—Dec. 30 '44, p. 74)—Virginia Electric is now calling for bids on the four Virginia traction properties which it still owns.

Virginia Transit Co. had these prospective sales in mind when that company was organized, and it is expected to be a principal bidder.

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THEY are the men you'll never see—but they will be working for you just the same—turning waste wall space into valuable storage space when you use Barrett Portable Elevators. This modern aid enables one man to stack materials "ceiling high" ... to handle more work than three or four.

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vators can save time, space, effort, money—perhaps even the cost of a new building. And these economies aren't temporary. They are yours for years to come. Simple in design, easy to use, Barrett Portable Elevators require no building alterations or other installation expense.

Isn't this a good time, now, to consult a Barrett engineer? There is no obligation.

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PRODUCTION

FM Battle Rages

Armstrong disputes FCC findings on interference in the present band. Broadcasters fight move to new channel.

So heated were the arguments about moving frequency modulation out of its present position in the radio spectrum, as proposed by the Federal Communications Commission (BW—Jan. 20 '45, p17), that the Institute of Radio Engineers had to hold an unscheduled extra session last Saturday afternoon at the conclusion of its three-day regular meeting in New York.

• **Armstrong Disagrees**—The issue was precipitated when Maj. E. H. Armstrong, inventor of the FM staticless radio system (BW—Jan. 21 '39, p15), arose during one of the regular technical sessions to say that his eight years of practical experience in the field did not bear out statements made by E. W. Allen, Jr., FCC engineer, on the extent of interstation interference in the present FM band of 42-50 megacycles.

Despite the crowded agenda, Armstrong was given a special place on the next day's program to continue his attack on the proposed move up to the 84-102-mc. band. When the time allotted didn't suffice for a full airing of the issue, Armstrong and Allen, the center of a group of highly absorbed engineers, continued their discussion in the hall. With the protagonists still not talked out, I.R.E. officials scheduled the unprecedented Saturday afternoon session.

• **Broadcasters Protest**—The engineers aren't alone in their doubts about the necessity or advisability of moving FM up in the spectrum at the cost of obsoleting all present 500,000 receivers and 46 transmitters. FM station owners, through their association, FM Broadcasters, Inc., have also gone on record against the shift.

To allow ample time for the preparation of all cases, FCC has, at the request of the Radio Technical Planning Board, postponed until Feb. 28 the oral arguments, which now threaten to be many and heated, on its proposed allocations.

• **FCC's Reasons**—FCC arguments for moving the FM band to higher frequencies can be summarized as follows:

(1) Sun spots activate a freak reflection of radio signals in the present FM

frequencies, and this results in station interference, for it makes possible the sporadic long-distance reception of stations that cannot normally be heard for more than 100 miles. Many instances are reported of FM reception for more than 1,000 miles, and for a while before the war a British television station operating on approximately the present FM frequencies was often received in this country.

Because of the contemplated worldwide expansion of FM broadcasting after the war, scores of stations will in-

evitably be operating on the same frequencies, and enough interference might result to offset many of the advantages of FM.

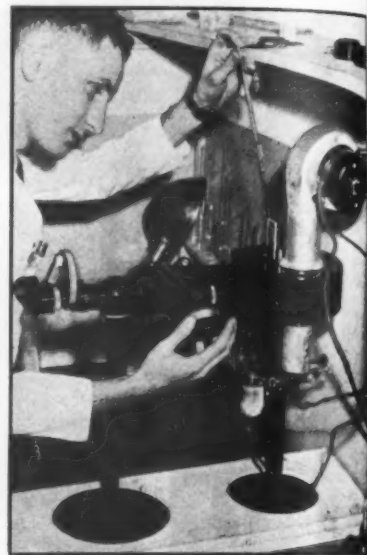
The situation is apt to be particularly acute in this country, for it is now considered unlikely that we will have 2,000 FM stations in a few years after the war. Interference might be especially marked in 1949-1950 when sun spots reach another peak in their eleven-year cycle.

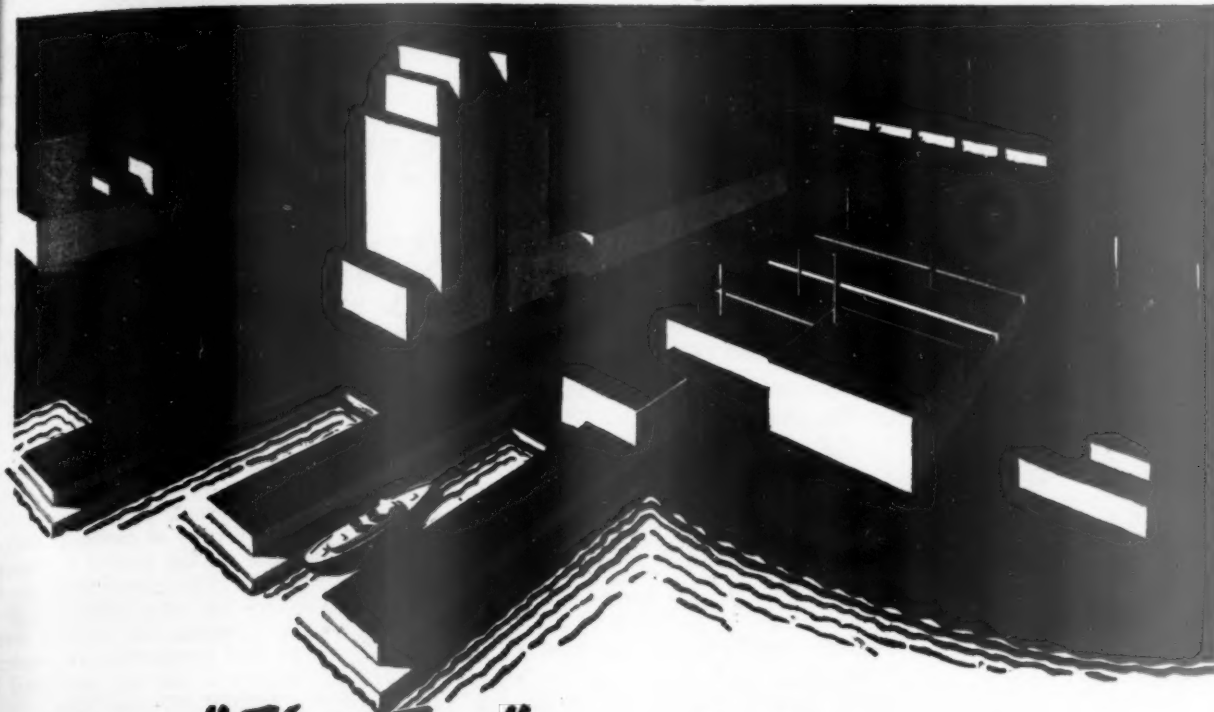
(2) More channels will be needed for FM stations, if they are to operate without interference, than the present band, 8 mc. wide, would permit; the proposed new band would be 18 mc.

(3) Present receivers would be partially obsoleted anyway, for the existing

NEW DEVICES TEST PLASTICS

Important to plastics' future are two new instruments developed at the Polytechnic Institute of Brooklyn for predetermining the strength of synthetic materials by measuring sizes and shapes of their molecules. The rayleighometer (below) reveals shapes by measuring scattering or diffraction of light caused by a plastic's solution under mercury arc lamps. Also by diffraction, molecular weight is quickly determined on the turbidimeter (right). These instruments are applicable to virtually all synthetics—rubber, resins, rayon, and nylon. Such mixtures formerly were merely judged by the viscosity of their solutions.





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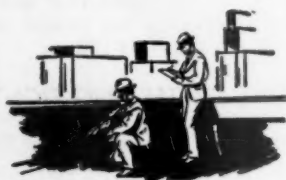
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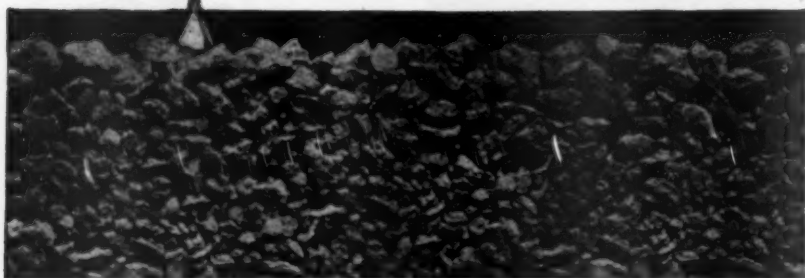


"drinks like a fish", but it has plenty of friends

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band, if it were retained, would have to be widened to accommodate all the stations. Furthermore, obsolescence would be no serious factor under any circumstance, for prewar experience with standard broadcast receivers indicated that the average effective life of a receiver was only about five years, and existing FM sets, all made before the war, are already in the fourth year of service. Furthermore, most FM sets are coupled with standard broadcast receivers, and the value which these units have would be unaffected by any change in the FM band.

• Objectors Reply—To these arguments, opponents of the shift have several replies:

(1) Too few facts are available on the behavior of radio waves in the proposed new band, as contrasted with some eight years of carefully observed experience on the present frequencies.

(2) Freak interference in the present band does not occur often enough to warrant scrapping the existing investment in FM transmitters and receivers, an investment variously estimated between \$50,000,000 and \$100,000,000. If existing sets could be changed over at all, it would involve a cost equal to 25% or more of the original cost of the set.

(3) Costs of receivers and transmitters to operate in the higher frequencies would be increased; sets would require special new tubes and precision parts, and the stations would have to operate on higher power.

(4) Present high-powered FM stations, which account for most of the interference trouble, could be spotted at the high-frequency end of a widened FM band, still essentially in the present frequencies. Because interference is lessened as station frequency is raised, it is argued that interference could be cut down to a fraction of 1% of on-air time.

• Compromise Band—One compromise proposal that Maj. Armstrong seems at least willing to accept would involve moving the FM band to a spot about half way between the present location and the proposed 84-102 mc.

DROPS PRETESTING FIGHT

Drug trade animosity to the Food & Drug Administration's plan for pretesting of penicillin (BW—Jan. 27 '45, p. 55) subsided last week when the American Drug Manufacturers Assn. executive committee decided to withdraw opposition to the proposed legislation. This can be taken as practically an indorsement of the bill which FDA's parent, the Federal Security Agency, will submit to Congress.

How far penicillin producers will go in actively supporting the measure re-

Preformed wire rope

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mains to be seen, but if Congress wants information on the need of certification control, the industry's technical men will be able to corroborate FDA's findings on the vagaries of penicillin mold and the drug derived from it.

A.D.M.A.'s action, said Carson P. Frailey, executive vice-president, was predicated on the personal assurances of Dr. P.B. Dunbar, commissioner of food and drugs, that the agency has no intention of extending the procedure to other products. It had been feared that penicillin legislation would be used as an opening wedge for greater government control over drug manufacture.

Alky Fuel for Cars?

Experimental auto engine and mobile distillery revive farmers' hopes for new market to use surplus grain.

For almost 15 years farmers have looked longingly at the automotive fuel market. If alcohol could be substituted for gasoline, the problem of surplus grain might be solved.

• **Suitable Engine Needed**—In an effort to increase the use of grain, legislation to require the blending of engine fuels with ethyl alcohol made from agricultural products was introduced in Congress in the thirties (BW—Feb. 8 '33, p9) and came within an eyelash of passing.

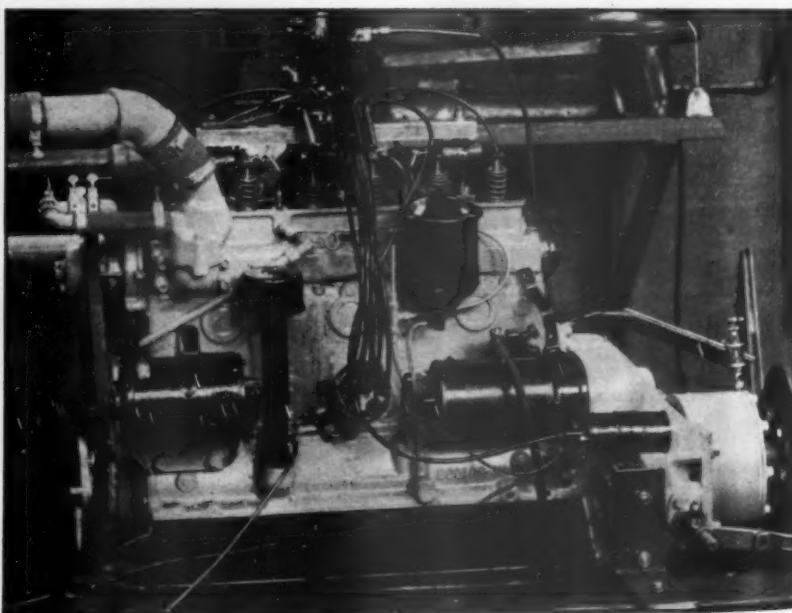
Such laws actually were passed in several grain-belt states. But costs, and other considerations, soon caused the project to die. The chief problem, most of the backers admitted, was the lack of a suitable alcohol-fueled engine.

• **Mobile Distillery Designed**—Against this background, U. S. agriculture and the chemical industry are showing keen interest in a small, alcohol-fuel, six-cylinder automobile engine developed by the Vimalert Corp. of Jersey City, N. J., with the cooperation of the Indiana Farm Bureau, the Foreign Economic Administration, and Joseph E. Seagram & Sons, Inc., Louisville (Ky.) distillers.

In addition farmers and chemurgists alike studied plans for a mobile alcohol distillery which Seagram is developing for the purpose of producing fuel for the new type engine at grain elevators throughout the country.

• **Pilot Plant in Operation**—Although admitting that many problems still must be overcome, R. A. Cuse, president of Vimalert Corp., declares the engine has definite possibilities, and R. D. Lamie, chief of FEA's process division, said that the shortcomings of experimental alcohol engines in the past should not reflect on the suitability of alcohol as an automotive fuel.

Seagram already has a pilot alcohol plant in operation, and experiments are being conducted in an effort to reduce the size of the apparatus. Under present plans, the Seagram mobile distillery would be mounted on five railroad cars, which would be pulled up alongside a



The laboratory model of Vimalert's alcohol engine closely resembles the six-cylinder, valve-in-head, gasoline-fueled power plant in a late model Chevrolet.

THE SCIENCE BEHIND THE SCIENCE OF ELECTRONICS

The Rumblings of Change can be Heard

The rumblings of *change* can be heard throughout industry as old processes and methods give way to a new concept of production efficiency. This metamorphosis of industry is being greatly speeded through the science of electronics. The medium which puts electronics to work is the Electron Vacuum tube. Eimac is a predominant leader in the development and perfection of Electron Vacuum tubes, having been exclusively engaged in this work for more than a decade. Electron Vacuum tubes from this *live* source, are first choice of leading electronic engineers throughout the world.

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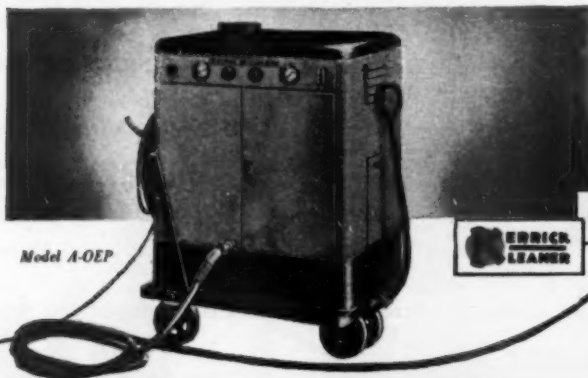
"It's **KERRICK** **FIVE to ONE**"



One man, with a Kerrick Kleaner, can do more and better heavy cleaning than five men working any other way.

In these days, when tractors, trucks, farm equipment and all machinery must give extra service, and still last longer, it has to be overhauled more often and the first requirement is to get it thoroughly cleaned.

Kerrick Kleaners combine steam, water, pressure and detergent to remove the most stubborn dirt and grease from motor vehicles, shop equipment, parts or complete buildings . . . leaving the surface clean and dry for inspection or repair. For complete information, please ask for the catalog describing the new Model A.



Model A-OEP



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grain elevator to produce alcohol to be hauled away by the farmer.

• **2½ Gal. to the Bushel**—The mobile distillery could handle 500 bu. of grain a day, equal to the capacity of a small liquor distillery. The outfit would cost around \$185,000.

Production costs with the mobile unit would be about the same as in a large distillery, Seagram believes, because transportation costs on grain from elevator to distillery would be eliminated. It is estimated that the distillery would produce 2½ gal. of alcohol for every bushel of grain.

• **Silage a Byproduct**—If Seagram succeeds in bringing the mobile distillery units down to a smaller size, it is planned to mount them on four or five trailers so they can be taken into grain fields in areas where no grain elevator is available.

Seagram chemists say that the distillery could use second-grade grain as well as the cream of the crop. They foresee a substantial farm use for alcohol as fuel for tractors powered with the new type engine, and predict that when farms have an abundant, cheap supply of alcohol made from surplus grain or potatoes, alcohol-fuel engines will be used for other farm work and farm household appliances.

As a byproduct, 40% to 50% of the grain will be returned to the farmer after the distilling process is completed in the form of silage for livestock feed.

Aluminum on Rails

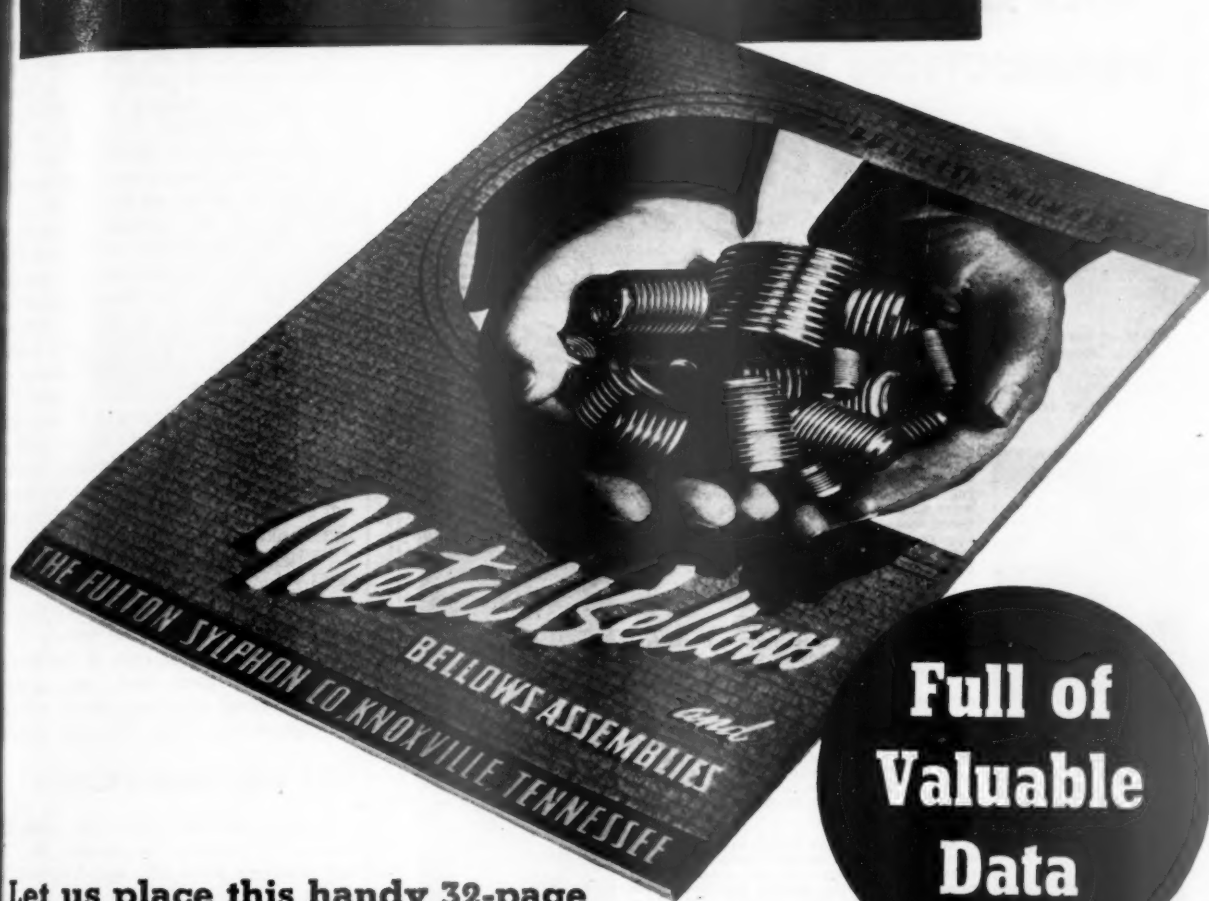
Lightweight refrigerator car's ice bunker is placed at bottom, lowering gravity center for use in fast trains.

An aluminum refrigerator car—about 18,000 lb. lighter than standard rail road refrigerator cars of the same exterior dimensions—is on the postwar program of the Reynolds Metals Co. Depending on the type and weight of trucks used, it will weigh—when ice for service—approximately 48,600 lb. in contrast to the 66,000-lb. weight of refrigerator cars currently used according to John W. Burnett, head of Reynolds railway supply division.

• **For High-Speed Trains**—The company recently sold 30 aluminum boxcars (BW—Dec. 9 '44, p. 22) which now are undergoing tests by three railroads, and also recently announced aluminum hopper-bottom cars which weigh 31,400 lb. and have a capacity of 69.2 tons.

Burnett, formerly superintendent of motive power for the Union Pacific

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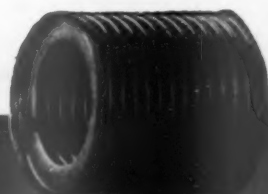
ALL ABOUT BELLOWS, bellows assemblies, and bellows devices. How they are made, what they do, life expectancies, etc. Complete information on physical characteristics, sizes, metals, assemblies, applications, etc., etc. Included are many useful time-saving tables—equivalents, conversion equations, temperature conversions, and physical data on approved charges; also pages of drawings detailing design and construction, together with photographs of special bellows and interesting assemblies.

***Write on your letterhead: "YES, I'd like to receive a copy of the new Fulton Sylphon Bulletin CW-1300."**



NEW MOVIE—"The Story of Metal Bellows" is available to interested executives and organizations.

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IS YOUR PROBLEM ONE OF MAINTAINING PRODUCTION WITH LESS *Manpower?*



Proper use of mechanized material handling equipment can help offset manpower losses. Most plants find that a Baker Truck—with a single operator, will release a number of men for other duties. Faster handling of materials speeds production in other ways, too. If you have a manpower problem, the actual case histories below may offer a solution. Many more are reported in the New Baker Catalog.

★ ★ ★ ★ ★



One company writes "With our Baker Truck we increased storage area by stacking, releasing valuable space for production . . . We were able to save the labor of six men and speed movement from receiving platform to storage—saving elevator tie-up . . . we removed the ever-present danger of strains and hernias." (See illustration at left.)

Records show that one of the first ram trucks, introduced by Baker in 1922, realized savings of 35 man hours per carloading for a steel mill. Today ram trucks are standard equipment for handling coiled materials. Illustration at right shows one of a fleet of Baker Trucks in the world's largest, most modern stainless mill.



"Womanpower" has replaced lost manpower and helped maintain production in thousands of plants. Because of their extreme ease of handling, Baker Trucks are ideal for women operators. Illustration at left shows a truck in service at a plant of the world's largest aluminum producer.

A fleet of eight Baker Trucks keeps the plant of a large domestic range manufacturer—now engaged in turning out war goods—at top production. Trucks service machines with materials to keep them running without interruption. Faster movement of parts and products in plant, warehouse and on loading platforms has cut handling costs 75%. (See illustration at right.)



An important factor in maintaining production in a large aircraft plant is the minimizing of "down-time" of large presses. The Baker Die Handling Hy-Lift Truck makes quick work of removing or placing dies in position—and simplifies their storage. (See illustration at left.) This plant also uses Baker Crane Trucks for speeding operations on the assembly line.

The problem of handling efficiently the wide variety of materials at a large chemical manufacturing plant is solved by a fleet of Baker Fork Trucks. (See illustration at right.) In carloading operations alone, on a conservative estimate, one Baker Truck replaces seven men with hand trucks.



WRITE FOR YOUR COPY

Plant and production managers, traffic managers, superintendents, purchasing agents and any others concerned with material handling will find the new Baker Catalog No. 52 a valuable reference.

BAKER INDUSTRIAL TRUCK DIVISION of The Baker-Raulang Company

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Baker INDUSTRIAL TRUCKS

R.R., says that the proposed refrigerator car will have a superstructure of high strength, corrosion-resistant aluminum alloy, with the underframe and trucks of steel.

As a further departure from conventional design the ice bunker will be directly under the car and, when loaded with 6,600 lb. of ice, the car will have a lower center of gravity than in standard cars, thus making it adaptable for use in streamlined trains or in fast freights despite its lighter weight. Location of the bunker also will increase the capacity of the car by 392 cu. ft.

• **Saving on Ice?**—Since aluminum is claimed to reflect 95% of radiant heat it is expected that the car will consume only 26 lb. of ice per hour, against present consumption of 36 lb. Interior of the car will be paneled with insulating material, the outside with aluminum sheet which will require no paint.

Two fans in the car will be driven by the car's axles, one to blow cold air from the ice bunker through vertical ducts over the load, the other to suck air out of the car and discharge it back into the bunker for recooling.

When a heater is necessary in winter it can be installed through the bunker door at ground level, instead of through roof hatches. The same system of air circulation will take care of the heat.

When neither heat nor cold is needed, small ventilator doors will permit circulation of air through the car.

TEST WELL ABANDONED

A tiny puff of gas is the Ohio Oil Co.'s only recompense, so far, for sinking between \$200,000 and \$300,000 in drilling a test well 6 mi. east of Salisbury, Md. The well was abandoned at 5,568 ft. after the drilling tools went out of sedimentary formations and into igneous rock. The generally accepted theory of the organic origin of petroleum precludes its presence in rocks other than sedimentary beds; when none sediments are reached, drilling is stopped.

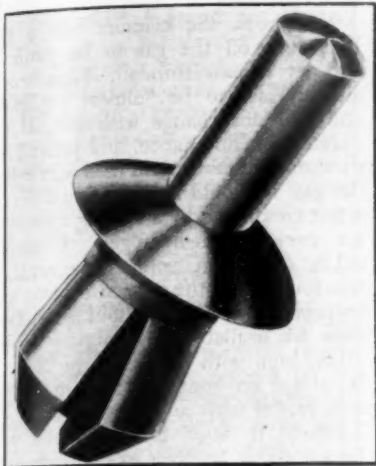
The Salisbury wildcat was the most carefully planned, perhaps one of the first scientifically located deep tests ever drilled east of the Appalachian uplift and north of Georgia. The leasing of more than 200,000 acres in the area was preceded by geophysical work started in 1943.

Scientifically, the most interesting revelation of the drilling was the thickness of sediments—much greater than many geologists had expected. The company's plans for this area are unannounced; it has not canceled its lease on which first-year rentals were paid. There are still a few months remaining of this period.

NEW PRODUCTS

Plastic Blind Rivet

Newest fastening for many kinds of wood, plastic, and metal components is the "Des-Rivet," a plastic blind rivet evolved by the Victory Mfg. Co., 1105 Fair Oaks Ave., South Pasadena, Calif., for one-man operation on the "near



side" of an assembly. Since it is molded in one piece of various plastics, including nylon, its physical properties depend upon the particular type of plastic that is used. Both the colors and the translucent qualities of some of the plastics are said to "offer the possibility of combining improved functional value with decorative effect."

Each rivet consists of a head (which can be almost any shape—half-round, countersunk flush, fillister, whatever), a driving plug (top) attached by a thin breakaway section, and a tapered shank that is split to form four more or less flexible, tapered fingers. If you are setting rivets one at a time, you thrust the split shank through a prepared hole and apply a riveting gun to the shank. Impact from the gun shears the plug instantaneously from its tenuous attachment and presses it into the plastic shank until the plug is flush with both ends of the rivet.

If you wish to gain more speed, you assemble several rivets together in a "stick" by inserting the undriven plug of one rivet into the shank of another, put the stick into a special gun, and let the gun do the double job of insertion and setting.

Gas Purifier

The usually complex job of removing oxygen from nitrogen, hydrogen, argon, neon, and other gases (which furnish



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CAN YOU SOLVE THIS ONE?

How many trips must you make to ferry a fox, a head of cabbage and a sheep across a stream, one at a time, so that the fox is never alone with the sheep, or the sheep alone with the cabbage?



Thermoid's extensive manufacturing facilities, spearheaded by Thermoid's Engineering and Research Staffs, have solved countless problems in the application of industrial rubber products.

A great many of these problems, in widely diversified fields, are being solved within the broad scope of the standard Thermoid Line*. These solutions have been effected by Thermoid representatives in all parts of the country who have had long experience in specifying the most efficient Thermoid Products for all types of installations.

This combination has been consistently successful and can point with pride to an outstanding record of results—where results meant either an improvement in the finished product or an improvement in production technique. If you are confronted with a problem involving the use or application of industrial rubber products why not talk it over with the Thermoid representative?

Solution to puzzle: Seven. Ferry sheep across. Return and ferry cabbage across. Leave sheep on original bank of stream and take fox across to other side. Return and take sheep across.

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"IT'S GOOD BUSINESS TO DO BUSINESS WITH THERMOID"

the internal atmospheres of radio tubes, light bulbs, light tubes, and the furnaces used in heat treatment, powder metallurgy, and general research) promises to become almost absurdly simple with the Deoxo Gas Purifier, new product of Baker & Co., 113 Astor St., Newark 5, N. J. The device is a vertical metal cylinder containing a new catalyst based on the precious but unrestricted metal, palladium, that functions automatically at ordinary room temperatures.

You hook the cylinder into a gas line, turn on the gas to be purified, and let it pass through. Flow resistance is said to be "almost negligible and will not change with use. It requires no maintenance, and present indications are that, when used with cylinder gas, it should last indefinitely." In a test conducted by a leading university on commercial hydrogen containing 0.1% of oxygen before treatment, it was found that the oxygen content was reduced to "only 0.00001%." Two sizes are available: a laboratory model 20-in. high with a capacity of 200 cu. ft. of gas an hour and a 40-in. industrial model with an hourly capacity of 1,000 cu. ft. Soon to be available will be a portable analyzer to "indicate continuously the hydrogen or oxygen impurity."

Reclining Wheel Chair

First floor samples of the Barcalo Reclining Wheel Chair, patented new



product of the Barcalo Mfg. Co., Buffalo 4, N. Y., promise to be in the "hands of leading surgical supply dealers from coast to coast" for inspection "shortly after Mar. 1, 1945." It will come in two models—one with a divided leg rest to elevate either leg or both, and one with a one-piece leg rest as illustrated. Both will be built initially with frames of enameled tubular steel.

o tubes, the fu- powder) prom- simple r, new stor St., a ver- a new out un- t func- room

ater on in stainless steel or aluminum. one-piece cushion on a spring foun- tion extends the full length of the chair. A matching neck cushion may be detached if not required. The chair is said to be "built on a new principle of balancing body elements." It adjusts to "any angle from an upright sitting position to a fully reclining position with the slightest pressure of the patient's body. . . . As the back reclines, the tilt of the seat changes, eliminating any tendency for the patient to slip forward out of the seat, while the leg rest elevates to maintain the lower legs in proper relative position." No attendant is required because the chair is "held firm in any position by tightening a lever conveniently located under the right arm of the chair." Another lever under the left arm actuates a brake on the ball-bearing wheels.

Two model 00 cu. indus- ity of e will e con- a im-

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THINGS TO COME

Screw machine departments in factories of the future promise to attain a new quiet. Stock tubes which support the long, revolving bar stock—rounds, squares, "hexes," what-have-you—on the way through complex machining operations will be insulated, or sound-proofed, for the minimization of the characteristic rattling in such a department.

Plain steel tubes heretofore employed for supporting stock will be replaced by triple tubes. Each will consist of an outer steel tube a little larger than the present one and an inner liner of heat-treated steel to take the wear and tear of bar stock. Sandwiched between tube and liner will be a layer of laminated, sound-absorbent material.

• Pomologists are looking and working forward to the day when apples will be even more efficient than now at their traditional job of keeping the doctor away. The ancient fruit is beginning to be bred not only for color, aroma, taste, size, and yield, but for vitamin content. Although a typical eating apple already contains slightly more of the vitamins A and B₂ than a typical orange, it is comparatively deficient in vitamins C and B₁. Particular aspiration of the apple grower, and one not without foundation, is that the ultimate glass of apple juice will contain as much vitamin C as a similar glass of orange juice.



**FOOD FOR THE WORLD
DEPENDS ON A**

Turn of a Shaft!

BEARINGS: HYATT

Anti-friction, bearing-equipped shafts and gears turning in farm machines that serve all the way from the breaking of ground to the bringing in of bumper harvests, have helped make possible the miracle of modern American agricultural production.

The great majority of the most widely used farm tractors and implements are equipped with Hyatt Roller Bearings, which have not only the high precision necessary to flawless performance, day after day, season in and season out, but, also, the rugged strength to endure for years under conditions of severest use.

Also, throughout the whole of industry and transportation—in our weapons of war — millions of shafts are likewise turning on Hyatt Roller Bearings to help speed victory.

HYATT BEARINGS DIVISION • GENERAL MOTORS CORPORATION • HARRISON, NEW JERSEY

Friction goes out when HYATT goes in!

MARKETING

Ad Linage Drops

Big city newspapers cut advertising ratio in 1944 to meet news and circulation demands in newsprint shortage.

Newsprint shortages last year stopped cold the war boom that had boosted 1943 advertising lineage in metropolitan newspapers 12.5% over 1942 (BW-Jan.29'44,p104).

• **Decrease of 2.5%**—Instead papers were forced to cut back advertising lineage in order to strike a balance with short paper supplies while maintaining readership news service and keeping up with the growing circulation demands. Result was that total advertising in 1944 dropped to 1,361,243,607 lines, a loss of 35,174,562 lines (2.5%) from the 1,396,418,169 of 1943, according to Media Records, Inc., which tabulates advertising in daily and Sunday newspapers of 52 cities.

Despite the drop this was still more business than newspapers had done in each of the five years that preceded 1943.

• **Regains the Lead**—The Chicago Tribune set the pace for the nation's newspapers by piling up a total advertising lineage of 21,972,616. This was about 3,000,000 lines below the top 1943 lineage run by the Detroit News. The Milwaukee Journal was second, followed by the Washington Evening Star and the New York Times. Severe advertising rationing to meet an expanded circulation cut the Detroit News down to fifth place.

Dollarwise, the newspaper business probably about held its own. Many papers had already raised their advertising rates, but there were more which joined these ranks last year. Although total advertising lineage dropped slightly there was an increase of 1.4% in the "general" category covering national advertising (usually sold at a price 30% to 40% above retail rates). Leaders in national lineage were the New York Herald Tribune, New York Times, Boston Herald-Traveler, and Chicago Tribune.

• **Classified Drops**—Retail advertising, the biggest individual category, dropped 1.6%, being dragged down to 751,583,696 lines by the 6.2% cutback in department store advertising which makes up nearly half of this category. Automotive advertising continued its

decline by falling 2.7% to a new wartime low of 31,478,992 lines, compared to 150,473,433 in 1929.

The big loss came in classified advertising, which had a heyday in 1943 when help wanted advertising boosted lineage 30.2% over 1942. Last year it lost 7.8% of its 1943 lineage-count. Primary reason for the cut was the ease with which classified could be tapered under rationing, but at the same time the classified sections carried more ads.

• **Wartime Pattern**—The ups and downs of classified lineage turned out to be a weathervane for war shortages. For example, in New York City seven daily newspapers measured by Advertising Lineage Service spotlighted the non-existence of vacant apartments. Apartment ads plummeted from 201,369 in 1943 to 87,633 ads—and many of these were for apartments wanted or for exchange. The papers carried 585,762 more employment ads than in 1943, although total lineage dropped 1,503,574.

Most of the papers controlled classified advertising by tight restrictions. In

June the New York Journal-American instituted a system of splitruns on help wanted advertising, similar to a plan adopted by the Chicago Tribune (BW-May27'44,p90). Using this system, the paper runs each advertisement in exactly one-half of the total number of copies printed, with a rate reduction of 25%.

• **War-Boom Areas Hit**—The industry reported to the American Newspaper Publishers Assn. 218 different paper conservation methods. Particularly hard hit were publishers in war-expanded areas, such as the Oregon Journal in Portland whose circulation ran wild in trying to keep up with demands of war workers. In one week the paper left out 10,000 to 15,000 lines of advertising.

Similar situations exist in other metropolitan centers where papers continued the practice of running apologetic announcements revealing the number of columns of omitted advertising. In New York the Times claimed credit for publishing 2,911,363 more lines of news than any other paper in the country, while its advertising department lamented the paper's inability to run 2,916,396 lines of advertising space.

• **Looking to the Future**—Keeping in mind the days when business was not



SLOT MACHINE THAT ALWAYS PAYS OFF

A self-service money changer that converts quarters and dimes into nickels is ready to serve postwar owners and customers of coin-operated vending machines. Operated by insertion of a coin and the flick of a lever, this compact dispenser can easily be adjusted to deal in tokens or coins of any denomination. It's a development of the Vendo Co., Kansas City, Mo., which made automatic soft drink machines before the war. Later on it may be built right into robot vendors, saving space and manpower now needed to make change for them.

...good, the papers were inclined to give space preference to advertisers that looked like potential postwar customers. The trend was toward serving more advertisers in the limited space available by reducing the size of the ads.

Newsprint output in 1944 in Canada, Newfoundland, and the United States totaled 3,984,383 tons, 1% less than in 1943, according to the News Print Service Bureau. To save stocks and provide paper for as many of the war-expanded list of claimants as possible, the War Production Board revamped its newsprint order in such a manner that publishers had about 15% less newsprint for 1944 than in 1943.

More Readers—On the brighter side daily newspaper circulations continued upward to reach record-breaking heights. Editor & Publisher, in its annual survey of Audit Bureau of Circulation's statements, reports that for the six months' period ended last September the overall circulations of morning and evening papers increased 3.3% and Sunday papers gained 0.98% over 1943's all-time high for the same period.

The trend toward higher per-copy prices continued with 5¢ becoming the accepted rate for 974 dailies—75 more than in 1943—and higher subscription rates brought the papers greater net revenue per subscriber than ever before.

Upward Trend—A continuing study by A.N.P.A. showed the following changes since the start of the war:

	1¢	2¢	3¢	4¢	5¢
1940	9	227	735	26	778
1941	10	231	751	25	794
1942	9	185	735	32	806
1943	4	84	556	175	899
1944	3	62	398	279	974

Shoppers Expand—Consumer spending power made it a good year for the country's approximately 500 shopping papers which doubled their national advertising volume in 1944. More than 250 national advertisers, attracted by rates which average only 60% of those of regular newspapers, are now selling their products through shopping papers.

Publishers boast, of course, that "distribution is restricted to the able-to-buy areas." Circulation of some of the shopping newspapers runs into six figures.

Fewer Weeklies Fold—The American Press Assn., representing some 5,000 of the approximately 8,500 country and suburban weeklies, reports that they too are doing nicely—only about 10% have folded compared to about 25% during the World War.

Newspaper publishers consider that the biggest feather in their cap is the transfer of the H. J. Heinz Co.'s advertising campaign from radio to newspapers, accompanied by a strong statement upholding newspapers as the best



THE ANSWER IS WORK!

Largely because war materials are being consumed at an incredible rate, our Generals and Admirals are calling for MORE. And so we've all got to get back on our "win the war" job. We must support our fighting fronts.

How can we do it? Is there really a manpower shortage as many seem to think? Frankly, I doubt it. In my opinion, the job will be done if every one of us will do a little more work and a little better work.

A lot has been said, these days, about the failure of labor to produce what it should. But the fact remains as I have said many times, "Labor is only as efficient as management plans for it and gives it the tools with which to work."

We are all being challenged by the Generals and Admirals on our fighting fronts.

You, Mr. Industrialist and Mr. Businessman, can help meet this challenge by tightening up your controls, your planning and your scheduling.

You, Mr. Labor Union Management, can help by adhering to your no strike rules, by reducing absenteeism and persuading your members to produce at 100% capacity.

There is an answer to the manpower situation. There is an answer to the call for more war materials.

The answer is WORK!

Geo. P. Trundle Jr.
President



THE TRUNDLE ENGINEERING COMPANY

Brings to Industry and Business

26 Years OF MANAGEMENT ENGINEERING EXPERIENCE

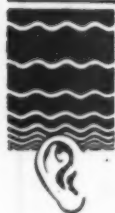
GENERAL OFFICES • CLEVELAND • BULKLEY BUILDING

CHICAGO

City National Bank Bldg., 208 S. La Salle St.

NEW YORK

Graybar Bldg., 420 Lexington Ave.



This Hearing Aid is KIND TO YOUR EAR

Maico doesn't shout at you. It speaks distinctly, but smoothly and pleasantly. New, exclusive *dual frequency control* plus individual precision fitting assures years of clear, easy, comfortable hearing.

Learn more about Maico's superb Precisioneer model. This latest scientific achievement creates better hearing through remarkably precise fitting.

Maico pioneers in medical electronics—makes the famous hearing *test* instrument that is the choice of 90% of America's ear specialists.

WRITE for free booklet

"YOUR HEARING—WHAT IS IT LIKE?"

MAICO CO., INC.

Dept. 172, 21 N. 3rd St., Minneapolis 1, Minnesota

*Choose wisely...
choose Maico!*

FREE
to All
AUTO
owners



This Book Tells How To

- get better gas economy
- prolong tire life
- preserve exterior finish
- keep your car in the best operating condition

You can get a **FREE COPY** from any General Motors dealer or by using the coupon below.

Customer Research Dept., Room 1701
GENERAL MOTORS, DETROIT 2, MICH.

Please send **FREE COPY** of new edition 64-page "Automobile User's Guide"—containing 196 practical suggestions on wartime operation.

Name..... please print

Address..... please print

City..... Zone..... State.....

Make of car..... year model.....

media for advertising food products.

A.N.P.A.'s Bureau of Advertising announced an ambitious \$750,000 expansion plan aimed toward retaking for newspapers their preeminence as advertising media, and at the year's end \$550,000 had been subscribed and the 80% minimum membership almost signed up to pay the increased dues. Publishers urgently felt the need for an expanded promotion arm as surveys revealed gains by other media, notably radio (BW—Jan.20'45,p88), into retail and department store advertising.

• **Equipment Needed**—But papers hesitated to look ahead; WPB seemed to be getting out the shears for another slice off newsprint quotas, and manpower troubles again were giving the industry jitters. The industry needs new equipment badly; already on file are orders for well over \$55,000,000 of presses and other equipment. The pressure might ease, not from relief in the form of more newsprint, but from cuts in big-volume national cigarette advertising accounts which already are affording local advertisers a better break.

Gallup Gadget

Device for determining audience reaction to movies has been used on 45 pictures for success forecasts.

After four years of experimentation, Dr. George Gallup, the public opinion poll expert, unveiled this week in New York a device which registers audience reaction to motion pictures and records as a single line on a graph their chances for success. The gadget, developed for Dr. Gallup's Audience Research, Inc., is somewhat similar to Columbia Broadcasting System's "program analyzer" (BW—Oct.9'43,p78) but does a more complicated job.

• **Some Factors Pretested**—For the movie industry, interviewers of Audience Research first conduct nationwide polls to test the fans' attitude toward story, cast, and title before a picture is produced.

After a picture is shot the machine (not named yet) then reduces to mathematics its box-office probabilities before it is shown commercially. Thus it provides a guide to themes that can be advertised effectively, a yardstick by which exhibitors can anticipate profits.

• **"Votes" Dialed**—The apparatus functions at exclusive previews. Attending audiences are selected according to Dr. Gallup's famous principle of cross-sections. (He argues that you can discover roughly what all bankers think if you



To the man in the seat, the new audience poller consists of a rheostat on which he can constantly vote his reaction to a movie plot as it unrolls.

determine what the typical or average banker thinks.) There are only 42 persons in the movie preview but they represent mass groups in age, income, and amusement habits.

While watching the picture, each member of the audience holds a dial which is connected to the machine. And each registers enjoyment, or lack of same, by turning a pointer on the dial as the scenes unfold. Settings for the pointer are "like," "like very much," "neutral," "dull," "very dull."

• **Opinions Summarized**—The machine receives and totalizes these opinions in one line on a reel of paper. Its speed is synchronized with that of the picture projector. When a key of the film's action is added to the record, the graph reveals not only the general acceptance of the picture but also audience opinion of separate scenes and even of individual gags.

The Gallup gadget registers votes of the preview audience via a lessening or increase in an electrical current.

• **Used on 45 Films**—The future of the machines lies in the field not only of motion pictures, but also of radio shows, television performances, and stage presentations.

Clients of the Gallup analyzer include Columbia Pictures, R.K.O., Walt Disney, March of Time, David Selznick, and Photoplay Magazine. It has been used on 45 pictures.

According to company records, the box-office success "Going My Way" showed very poor "penetration" (into the fans' consciousness before release), but gradually the want-to-see rose to 79, and when submitted to the machine the result indicated its smash qualities with a score of 84. "Mrs. Miniver" almost blew the fuse with an 85.



The Quest for a better Hinge that started a new Age of Steel

In 1871, at The Stanley Works, a piece of hot-rolled strip steel was passed between a pair of rolls without first being reheated. This experiment marked the beginning of the cold-rolling process . . . and the start of a new age of steel.

The goal of the Stanley workmen who pioneered this process was an improved strip steel for Stanley Hinges. The hot-rolled steel used at the time, though durable enough, was crude in appearance, and could be attractively finished only by grinding and polishing.

Cold-rolling provided the smooth and lustrous surface so long sought, and, in addition, a harder-surfaced, more uniform, more easily worked steel.

The enterprise which led to this revolutionary advance in steel making has made today's Stanley Steel Plant an important unit of America's steel industry. With open hearth furnaces, blooming and billet mills, hot-rolling and cold-rolling strip mills, it provides manufacturers throughout the eastern seaboard with a convenient source of the highest quality Strip Steel.

American industry, progressively meeting the problems of producing for war, or peace, can look to Stanley, not only for Strip Steel, but for Hardware, Hand Tools, Electric Tools, Pressed Metal Products, Industrial Finishes, and Steel Strapping. The Stanley Works, New Britain, Connecticut.

LOOK FOR THIS TRADE MARK WHEREVER AMERICA IS BUILDING ANYTHING

STANLEY

TRADE MARK



STANLEY HARDWARE

For doors and windows, cabinets, garages, screens, industrial and commercial openings.



STANLEY STEEL

Hot and cold rolled strip steel. Standard analysis, special analysis and alloys.



STANLEY METAL STAMPINGS

Formed or deep drawn parts made to order. Special Hinges.



STANLEY TOOLS

Wood and metal working hand tools for carpenters, masons, mechanics and hobbyists.



STANLEY ELECTRIC TOOLS

Portable electric drills, hammers, saws, grinders, metal shears and screw drivers.



STANLEY CHEMICAL

Lacquers, enamels, synthetics and japans for industrial finishing.



STANLEY STEEL STRAPPING

Shipping container reinforcement. Car Banding. Tools for application.

TAKE YOUR
Re-tooling Program
TO THE
WORLD'S MOST FAMOUS TOOL ROOM

.. and get Tools that are ready to use



You won't have to worry about reworking the jigs, the fixtures, the punches and dies, which are built for you in the Taft-Peirce Tool Room. T-P tools are built to specifications, and when Taft-Peirce inspectors O.K. them, they're ready to go to work—a feature of Taft-Peirce contract service which has saved many firms endless time and expense.

Many of the world's leading motors, machines, mechanisms, munitions, and consumer products have been tooled up in the World's Most Famous Tool Room, whose extensive facilities and precision-conscious craftsmen make it possible to handle any job, whether large or small, with efficiency and dispatch. Here, as in all other Taft-Peirce activities, T-P means "top precision."

The tools you need can be produced either to your own specifications, or can be designed from scratch by Taft-Peirce engineers. And when tooling has been completed, the Taft-Peirce Contract Manufacturing Division is manned and equipped to handle your production problems, too, if this type of assistance is needed.

For full details of Taft-Peirce Tool Room and Contract Service, write to: The Taft-Peirce Manufacturing Company, Woonsocket, R. I.



FOR DESIGN, TOOLING, CONTRACT MANUFACTURING...

Take it to Taft-Peirce

Top Radio Sale

Crosley's purchase of WINS from Hearst for \$1,700,000 sets mark in individual station deals. Station has 50,000-watt permit.

In the biggest deal yet in individual radio stations, the Crosley Corp., operators of the powerful 50,000-watt WLW, Cincinnati, last week paid \$1,700,000 to Hearst Radio, Inc., for a New York City outlet—station WINS. • **Had Tax-Free Funds**—Ever since the Federal Communications Commission forced sale last summer of Crosley's 5,000-watt WSAI, Cincinnati (BW-Jun. 10 '44, p. 82), under the government's duopoly rule banning single ownership or operation of two broadcasting stations serving the same area, Crosley has been looking around for a station toward which it could apply the \$550,000 purchase price (tax free by virtue of having been a forced sale) paid for WSAI by Marshall Field, merchant and publisher. WINS, subject to FCC approval, seems to have what Crosley wants.

At present WINS operates on 1,010 kilocycles with 10,000 watts, but it holds a valuable construction permit from the FCC for 50,000 watts which Crosley plans to use as soon as the war ends.

• **To Help WLW**—Acquisition of a New York outlet has been a dream of Powell Crosley, Jr., president of the corporation, for a long while not only from the standpoint of market advantages but also as a programming and talent subsidiary for WLW, improving that station's services.

Station turnover in recent months has been heavy with prices way above the previous records.

• **New Records**—Until last year the record was presumed to be \$1,200,000 paid in 1936 by Columbia Broadcasting System for KNX, Los Angeles (BW-Apr. 4 '36, p. 11), but in September, 1943, WMCA, New York, was bought from the Blue Network by Nathan Straus and associates for \$1,255,000 (BW-Sep. 18 '43, p. 96).

MACY: NATIONAL CHAIN?

In the past year the trade has watched R. H. Macy & Co. of New York City take three major steps toward expansion of operations and integration of its extensive manufacturing and distribution functions.

To the experts an important fourth step now looks like a natural.

First was announcement that Macy's

world's largest department store, once again was pushing its own private brand of Supreme products, principally drugs and cosmetics, for sale through selected independent (as well as Macy-owned) outlets (BW—Feb. 26 '44, p. 88).

Next came the news of a huge joint buying and promotion hook-up with May Department Stores Co. and half a dozen others—Affiliated Retailers, Inc.—for handling both hard and soft goods to be sold under a common label (BW—Aug. 26 '44, p. 93).

Third step was Macy's purchase of two stores in the South (Macon and Augusta, Ga.) to supplement its large Atlanta store, Davison-Paxon Co. (BW—Jan. 6 '45, p. 86), and purchase by Macy-owned Lasalle & Koch of Toledo of a store in Bowling Green, Ohio, which increased Macy stores to eight.

Now the hot tip in the trade is that what Macy's really has in mind is a full-fledged national chain of department stores. Presumption is that while such stores would offer Macy products at Macy prices they would probably be operated in line with past company policy under their own local names.

Midget Catalog

Chicago Mail Order Co. published miniature for its new customers. Wards and Sears print smaller editions.

Magazines that offer miniature editions, with condensed, selected text and advertising, to subscribers on their waiting lists and potential subscribers in the armed services abroad have nothing on the Chicago Mail Order Co., which later this month will send to new customers, on request, a digest edition of its annual spring and summer catalog.

Paper Saver—Old customers have already received the standard edition, which is the largest the company has ever issued (600 pages compared with 74 last year).

Most of the increase in size is devoted to junior fashion lines, but there are more shoe pages as a result of WPB's recent freeing of colored leathers.

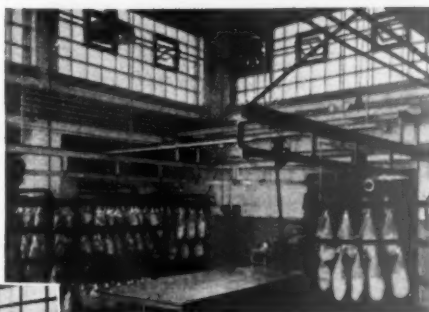
The miniature, a paper-saving device, about one-fourth the size of the standard catalog; it features items which are expected to enjoy the largest unit sales in each of the various departments.

"Not Available"—Spring and summer catalogs issued by both Sears, Roebuck & Co., and Montgomery Ward & Co. have slightly fewer pages than the comparable catalogs for 1944. Both now fewer items on which "not available" has been overprinted; this is not

WHY THE BUTCHER...



THE COSMETICS MAKER



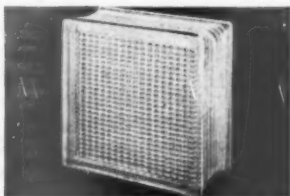
THE BAKER...



"Daylight with Insulux"

INSULUX solves many problems for manufacturers of food and drugs. Problems of light, temperature, humidity and dust control!

Panels of Insulux Glass Block flood workrooms with natural daylight—improve working conditions—and allow full use of floor space.



Insulux Glass Block is a functional building material—not merely a decoration. It is designed to do certain things that other building materials cannot do. Investigate!

OWENS-ILLINOIS
INSULUX
GLASS BLOCK

But—that's not all! Panels of Insulux have high insulating value. They reduce heat loss and condensation. They lock out dust and dirt. They reduce materially the cost of air conditioning.

Furthermore—panels of Insulux do not rot, rust or corrode. They are easy to clean—and to keep clean. And—they never need painting.

5 REASONS WHY

- 1 SAVE FUEL**—Better insulation means less fuel cost.
- 2 SAVE UPKEEP CHARGES**—Easy to clean—and to keep clean. No painting required.
- 3 SAVE MAN HOURS**—Better light control insures better working conditions.
- 4 SAVE SPOILAGE LOSSES**—No infiltration of dust or dirt.
- 5 SAVE REPLACEMENT COSTS**—Panels of Insulux do not rot, rust or corrode.

OWENS-ILLINOIS GLASS COMPANY
Insulux Products Division, Dept. B-75, Toledo, Ohio
Gentlemen: Please send me, without obligation, your book entitled, "Methods of Replacing Worn-Out Windows with Insulux Glass Block."

Name and Title _____
Firm Name _____
Address _____
City _____ State _____



Enjoy BETTER LIGHTING



Install
G-E Watch Dog
Starters

YOU can enjoy better fluorescent lighting service by installing G-E Watch Dog Starters—FS-30 for 30-watt lamps, FS-40 for 40-watt and FS-100 for 100-watt. These manual reset starters eliminate annoying blink and flicker of dying lamps once and for all. Blinking cannot possibly recur because the Watch Dog cuts itself out of the circuit when a lamp reaches the end of its useful life.

Lighting engineers specify G-E Watch Dogs because their life is equivalent to five ordinary starters. Under specified test conditions the FS-40 outlasts an average of ten 40-watt lamps.

Maintenance men prefer G-E Watch Dogs because they reduce lighting maintenance to the easy job of pushing a red button before relamping. Reset it and forget it. It's as simple as that.

Workers appreciate efficient lighting service of fixtures equipped with G-E Watch Dogs. No longer will they be irritated by blinking of dying lamps.

Write for our free bulletin, "How to Use Fluorescent Accessories for Best Lighting Results." Send your request to Section G251-102, Appliance and Merchandise Dept., General Electric Co., Bridgeport, Conn.

BUY WAR BONDS AND KEEP THEM

GENERAL ELECTRIC

Rebuff for Liquor Dealers' Goodwill Checks

With an eye on the always present threat of prohibition under local option in Texas, Dallas liquor dealers, now in the chips, set about building community goodwill through distribution of some large-scale largess to local institutions. But the dealers' foundation stone has slipped out from under them.

Southern Methodist University and Baylor University's medical college, both in Dallas, turned down gifts of \$30,000 and \$25,000, respectively, to current fund-raising campaigns. St. Paul Hospital, Dallas Catholic institution also campaigning for more money, accepted a \$10,000 gift from the same source.

• **The Reaction**—The Baptists, long leaders in prohibition fights in Texas, said: "It would be inconsistent for Baylor to accept this \$25,000."

The Methodists: "In view of the issues involved, the gift has been declined." But it was reported that the university already had cashed the

check and had to write one in order to return the money.

The Catholics: "We are very grateful for this gift and have no intention of turning it down."

• **There's a Difference**—Dallas liquor dealers, individually, long have been staunch supporters of all charities. For example, Julius Schepps, wholesale liquor dealer, recently donated a building to the Dallas Community Chest for its headquarters.

According to Dallas church leaders, money isn't tainted when its donated by individual dealers; it's when the dealers get together that they sprout horns.

Both sides admit privately that it is unfortunate that news of the gifts got into the newspapers, implying that otherwise all the donations would have been accepted.

• **Plenty of Bidders**—Meanwhile, the liquor dealers won't have any difficulties in disposing of the money. At least 50 worthy charitable organizations have put in their bids.

because more merchandise is obtainable, but because the country's war economy has become more stabilized so that buyers were better able to anticipate available supplies.

Ward's wryly claimed that its catalog, scheduled for mailing beginning Jan. 10, was not released until Jan. 19 because U. S. Army, currently in charge (BW-Jan.13'45,p17), was "already snowed under with orders resulting from our midwinter catalog."

• **Spiegel's Treasures**—Unexpected treasures are promised in Spiegel, Inc.'s new catalog, which has grown to 632 pages, from 514 last year. Most startling is a cabinet sink unit, with a built-in electric dishwasher; the 7-ft. size, including double sink with drain shelf and cabinet drawers on each side, is priced at \$299.95. But customers are admonished, "Do not order until April 1."

Four pages are devoted to shotguns and rifles, ranging from \$5.98 to \$62.25 in price; the purchaser is asked to send with his order a signed statement informing Spiegel's and the War Production Board that he is a rancher or farmer, raising livestock, poultry, crops, or other agricultural products, and that he needs the gun to protect them.

Spiegel's catalog also offers "Decolux Perma-Plastic" housepaint for \$4.49 per gal., which can be applied in any kind of weather and will not, it is claimed, fade, check, crack, blister, peel, or

chalk. Laboratory tests, says Spiegel, indicate that this plastic-base paint will give complete protection for ten years or more.

GRADE LABELING AGAIN

Last week, as it does periodically, the grade labeling issue flared up again. The case for grade labeling was presented by Donald Montgomery, consumer counsel for the United Auto Workers C.I.O., at the closing session of the annual conference of the National American Wholesale Grocers Assn. in Chicago.

Extension of the invitation to Montgomery had come as a surprise to the entire trade as well as to the speaker, who has long been an anathema to the industry for his championing of the consumer movement, and grocers were alert for any change in the association's policies.

But the association, immediately after Montgomery's address, reaffirmed its stand in favor of descriptive labeling by adopting a resolution opposing grade labeling whether by "numerical, alphabetical, or other arbitrary designations." It charged that arbitrary government grades would break down the industry's quality packing standards, confuse consumers, and injure manufacturers and distributors of national brand products.

The food industry still believes that



A THIRD WAR YEAR REPORT TO GUARDIAN POLICYHOLDERS

As we enter the fourth year of our fourth major war since the founding of The Guardian, it is evident that the fighting front must continue to have first call upon manpower and materials. Therefore, we are again using this method of highlighting your Company's operations during its 85th year.

THE SECURITY BEHIND YOUR POLICY

In 1944, Guardian policy and claim reserves, as provided by state laws, increased by \$12,550,000 to a new high of \$174,530,000. Funds set aside as additional security to take care of unforeseeable contingencies increased by \$930,000 to \$8,450,000.

1945 DIVIDEND BASIS SAME AS 1944

For 1945—the 78th successive year in which your Company will have paid dividends to policyholders—dividends will be on the same scale as for 1944, and \$2,300,000 has been set aside for that purpose.

YOUR COMPANY AND THE WAR

Guardian investments in United States Government bonds increased in 1944 by \$18,690,000, matching almost dollar for dollar the total premiums received from policyholders.

Your Company and its field representatives have been active in assisting policyholders entering service to keep in force the life insurance they hold and to conserve the National Service Life Insurance they may buy.

Further, since dollars saved through life insurance are not luxury dollars but become spendable when most needed, they are a major factor in the vitally important battle to control prices.

LOOKING BACK TO 1944

New Guardian insurance purchased was 17% greater than in 1943; lapses, surrenders and policy loans were at a new low; insurance in force increased by \$33,350,000 to a new high of \$586,280,000.

The proportion of actual deaths to those anticipated by the mortality tables was 51.8%. A large part of your dividends are paid from the excess of benefit payments anticipated by the mortality tables over those actually becoming due.

Policy proceeds paid to beneficiaries in 1944 amounted to \$4,880,000; living policyholders received \$2,880,000. The total of these two amounts exceeded 1943 payments by \$290,000. Of total death payments, 8% were due to war.

LOOKING AHEAD TO 1945

Until the war is won in every phase, nothing can be permitted to interfere. Even while the war continues, one of our tasks in The Guardian is the retraining of Guardian employees and field underwriters returning from military service. We are proud of our many men and women who are sacrificing so much to preserve American freedom. We will fulfill our obligation to them and have already advised them of the guarantees they may expect.

Your Officers are deeply conscious, too, of the trust you have reposed in them—not only to administer your funds wisely, but to be ever alive to public needs as they change with new conditions.

★ ★ ★

This Report is not intended as a financial statement. A copy of the 85th Annual Financial Statement and additional copies of this Report may be obtained from any Guardian office.

JAMES A. MCLAIN
President

SPEED VICTORY—BUY AND KEEP WAR BONDS

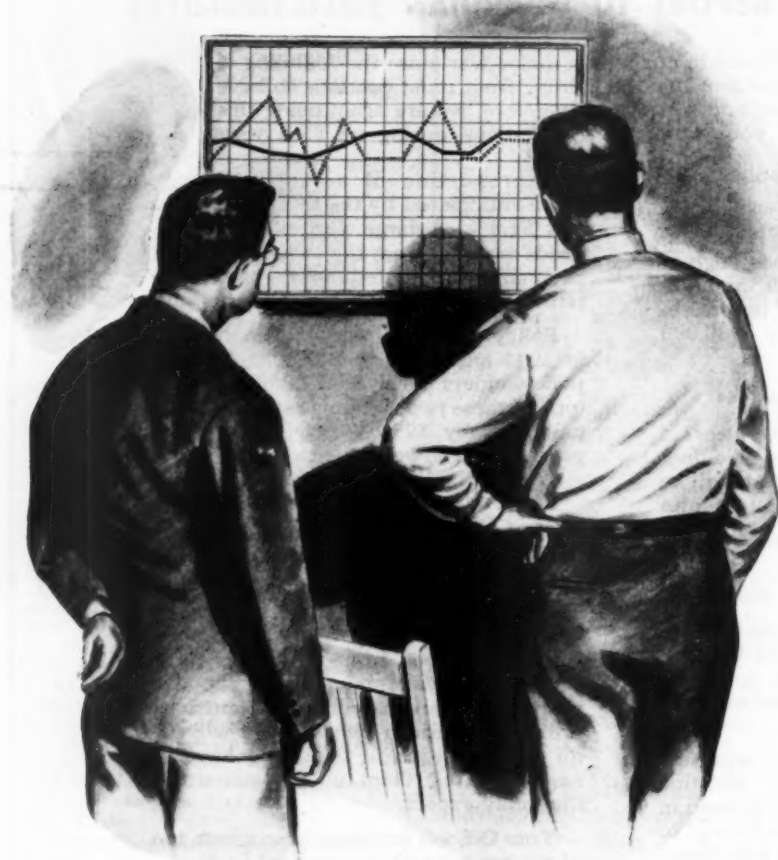
THE GUARDIAN LIFE

INSURANCE COMPANY OF AMERICA

Home Office: 50 Union Square, New York 3, N. Y.

GUARDIAN OF AMERICAN FAMILIES FOR 85 YEARS

Ray of Sunshine for the rainy day mfr....

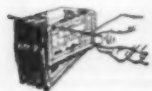


This manufacturer of rubber footwear must make hundreds of different styles for stock—but public preference doesn't always follow stock! So manufacturing schedules must be revised frequently to meet the demand for certain styles, sizes, widths and colors... The company sells nationally, has 80 salesmen, receives about 1,000 orders a day. Production schedules were a perpetual headache—until McBee Keysort was installed.

Now the management gets full daily reports on... orders by style, sizes, widths... production record of items scheduled, cut, finished, and on hand... and timely accurate information

on discounts, cancellations, mail and rush sales, and unfilled orders. Earlier and more pertinent reports permit more timely control in both the sales and production departments, prevent excess stock and deterioration, save thousands of dollars annually.

OUR BUSINESS is making facts available faster. McBee methods and products are custom designed for your specific needs... simple, usable and understandable by office people... proved in thousands of installations. If you suspect your office procedures could be improved, arrange to see a McBee man, soon.



THE McBEE COMPANY
SOLE MANUFACTURERS OF KEYSORT

2 95 Madison Ave., New York 17, N.Y. ... Offices in principal cities

descriptive labels proposed by the canners will satisfy the growing demand of consumers for buying information (BW—Jul. 15 '44, p. 96).

Montgomery, in a speech marked by a conservatism not usually associated with the public utterings of labor representatives, said that labor wants description along with grade, not in place of it, and he warned that without such informative labeling a strong postwar trend toward labor patronage of cooperative stores was inevitable.

Lambs Is Lambs

But not all the black ones are Persians, says federal agency. Experts will testify about U. S. and African pelts.

Something like the old question of the nationality of a baby born on a British ship in American waters to an Italian father and a French mother is bothering the Federal Trade Commission. FTC claims that a black Persian lamb must be killed on the Iranian plateau—or the Tailored Woman, Inc., of Fifth Avenue, New York City, is guilty of misleading advertising.

• **Question of Breeding**—Only pelts obtained from the young of full-blooded karakul sheep bred in Russia and Afghanistan can lawfully be called Persian lamb, says FTC in a complaint brought against the store. According to the agency, some 40 years ago a flock of pure Russian Persians was shipped to Southwest Africa and bred with local sheep; furs from the descendants of these migrants should in FTC's estimation be called "cross Persians."

The Tailored Woman, Inc., replies that the fur trade definition of Persian lamb is broader and may truthfully be applied to lambskins featured by hair in regular curls lying close to the pelt taken from karakul sheep raised in Africa or even in the United States. Some of the lambs are now being bred commercially in Texas and California; the Dept. of Agriculture in its Beltsville (Md.) experimental station has also been developing some of the breed and calling them Persian lamb.

• **Most Pelts Imported**—America's infant karakul sheep industry—which now numbers some 10,000 animals—supplies only 8,000 skins annually as compared with the 4,000,000 imported. The black sheep thrive on weeds, brush, and native grass. For lambskins, the lambs are pelted at one day old. The ewes are kept breeding. (They breed at nine months of age.)

Once before, when the FTC sniffed

suspiciously at perfume labeled "violet," it learned that names of perfumes are necessarily sometimes different to their source. Lilac and lily of the valley have never been successfully distilled from flowers. Violet scent is made from lemon grass and violet stems and leaves because true violet oil doesn't smell right. FIC did not press its case (BW Feb. 28 '42, p. 54). But this time, there's another factor; climate affects the quality of fur.

• **Experts Will Testify**—So on Feb. 19 fur experts will be called upon to testify on what makes a Persian lamb coat genuine Persian lamb: the breed of sheep from whose skin it is made or the place where the sheep lived?

Incidentally, the baby mentioned in the first paragraph could be any one of the four nationalities, depending which jurisdiction it chooses when it becomes an adult. Until that time, all four nations may claim it.



KARAKUL CHEESE

Byproduct of the karakul lamb fur industry, now being developed in this country, is the rich milk which can be converted into a feta-type cheese. New to the U. S. but long a European food staple, feta cheese is white, is soaked in brine, and before the war came from Greece. On the Uplands (Calif.) karakul sheep ranch, initiated eight years ago by Harold Hemingway, income from ewe milk—which otherwise would go to waste after the lambs are killed for their pelts—averages \$6 a month per milking ewe. A gallon of sheep milk yields 3½ lb. of cheese worth about \$3.15 at retail.

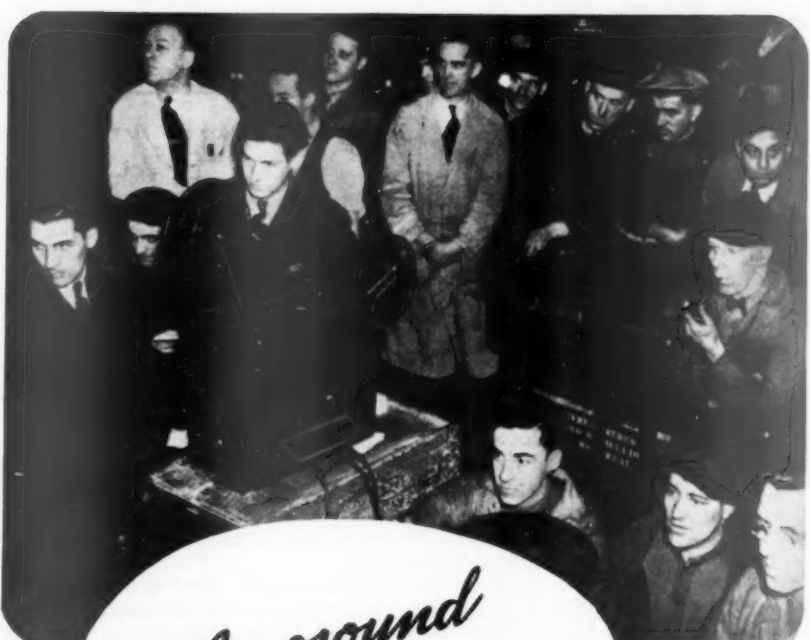


Photo by Canada's National Film Board, Industrial Circuits Division

Filmosound
MOVIES
BUILD BETTER WORKERS

YES, in war plants throughout the United States and Canada, sound motion pictures have repeatedly proved their unique ability to increase man-hour and machine-hour output.

How? By giving workers vivid, easily understood instructions on how to do specific jobs better and faster, and by bringing battlefronts to workers, to show *why* doing home-front jobs better and faster is vital to saving fighters' lives.

If production in *your* plant is not getting the stimulus movies could give it, let us help you plan a practical program. No cost, no obligation. Simply pin the coupon to your letterhead.

Bell & Howell Company, Chicago; New York; Hollywood; Washington, D. C.; London. *Established 1907.*

Buy and Hold More War Bonds



Tomorrow's FILMOSOUND
New in appearance, and embodying new features resulting from our war-accelerated research, the Filmosound of tomorrow will set new high standards in industrial film projection.

BELL & HOWELL COMPANY
7116 McCormick Road, Chicago 45
Please arrange to help us plan: () for production-stimulating use of motion pictures; () for postwar sales or sales-training uses of films.

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City..... State.....
Requested by..... BW 2-3-45

OPTI-ONICS—products combining the sciences of OPTics • electrONics • mechanICS

PRECISION-MADE BY



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LABOR

Allentown Test

First week of modified labor draft brings surprisingly few complaints, no outright test of WMC's authority.

One morning last week William Lauser, for several years a bottle washer in the L. F. Neuweiler & Sons brewery at Allentown, Pa., failed to report on the job. Instead he had an early morning appointment in a modern-fronted building on Allentown's bustling Hamilton St., and later in the day at the employment office of the Bethlehem Steel Co., in Bethlehem, six miles away.

• **First of About 1,000**—Thus in one day Lauser became, for the duration, a steelworker. It was not his idea, nor to his liking. In making the change he loses money, for the Bethlehem common labor rate is 65¢ an hour and a bottle washer at the Neuweiler brewery receives \$1.02. Moreover, it's a harder, hotter, dirtier job.

Lauser was changing jobs as one of 110 men involved in an experimental modified labor draft ordered by the Allentown office of the War Manpower Commission. The office has under its jurisdiction Allentown, Bethlehem, Easton, and Stroudsburg. The 110 were the vanguard of a wholesale transfer of 439 men from breweries, soft drink plants and distribution services, and cement works in the area.

In turn, that number is merely the first instalment of a change-over in employment for more than 1,000 of the 10,047 persons listed in nonessential industries in the Allentown area. Eventually even more (some place the figure at 2,426) may be involved.

• **Other Plants on List**—In the first group, seven breweries had 63 of 464 employees "drafted" from them; 12 soft drink firms lost 34 of 254 workers; and 14 cement plants gave up 342 of 2,395 employees.

Future drafts will start with 24 textile mills not engaged in filling war orders, 87 civilian apparel firms, and 13 non-metallic mining companies. Eventually, the war-job tapping might come down to service industries.

• **10% to 15% Affected**—With few exceptions, the workers have nothing to say about whether they will be tapped for new jobs, nor where they will go.

Employers likewise have little to say about the extent to which their working

force will be reduced. It will be 10% or 15% from July 1, 1944, employment totals—and the order eventually will apply to every employer who has eight or more workers on the payroll.

WMC describes its program as "voluntary" on the part of all groups involved, but it can—if necessary—be backed by sanctions against employers and by refusal of working rights for employees.

The result is a semimandatory program which probably will spread from Allentown throughout tight labor areas of Pennsylvania, New Jersey, and Delaware, and thence mushroom through the nation until—or unless—a national service act is passed by Congress (page 5).

• **Philadelphia Next?**—First major city to come under the Allentown Plan is expected to be Philadelphia, where 36 critical war plants are in need of 10,447 workers. A survey has been launched by WMC in preparation for a draft within two weeks of an estimated 10% of 90,000 employees in 1,600 nonessential businesses.

In New Jersey employers in 5,000 less essential industries with about 200,000 workers have been sent questionnaires by WMC preparatory to a 10% reduction in work forces aimed at filling a shortage of 20,000 in critical war plants. Employers have been told that WMC

does not intend "to waste time on endless amenities."

• **Shifts in New England**—Even before the Allentown Plan was publicized, Boston's WMC was directing the transfer of 200 workers from textile and other less essential industries to the Fisk Rubber Corp. and Firestone Cotton Mills in New Bedford, Mass.

Supplementary to these efforts WMC has announced that unclassified industries and businesses in tight labor (Group 1 and Group 2) areas of Illinois, Indiana, and Wisconsin must reduce employment ceilings 10%—with 5% to be released Feb. 15 and the other 5% Mar. 15. Moreover, WMC said directors of other areas had been instructed to take similar action if needed.

• **Few Protests**—The manpower stringency, evident in all these moves, focuses the spotlight on the Allentown Plan.

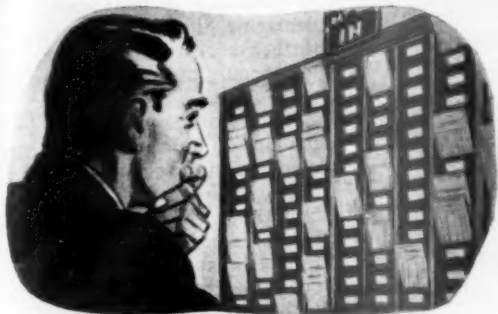
The Lehigh Valley has in it 33 of 35 critical war industries. It is geographically compact, with easy transportation between the four principal towns. Moreover, from its 400,000 population have come almost all of the 60,000 industrial workers. All these factors contributed to the start in Allentown of the labor draft experiment.

The end of the first week found the plan going forward without a serious hitch, and surprisingly few protests. No one was happy about the whole affair except employers in essential industry, but while there were expressions of doubt about the legality of WMC's

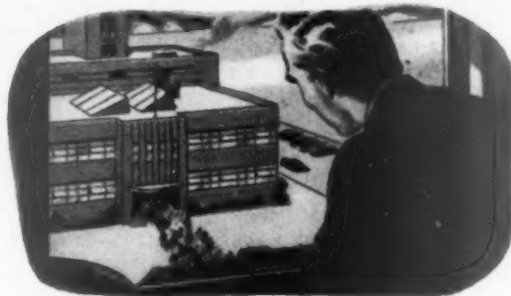


Appearing none too pleased, three nonessential workers accept transfer papers that shift them into war plants under the test labor draft at Allentown, Pa.

So Smith joined the parade



1 Smith hired many well-trained workers,
But they never seemed to stay.
No one could have called them shirkers —
Jobs were fine, so was the pay.



2 While at Johnson Brothers' factory
Jobs were hard to get — and prized.
Workers found things satisfactory;
Johnsons' had been modernized.



3 Did Smith take a long shellacking
'Ere he copied Brothers J?
No, he added what was lacking
And his air's *correct* today.

Correct Air Conditioning pays because it contributes importantly to higher working efficiency and improves the quality of many products. It is the result of the scientifically-engineered blending of correct temperature, humidity, circulation, ventilation and air cleanliness.

Depend upon Westinghouse engineering experience, research and equipment for correct air conditioning for *your* establishment.

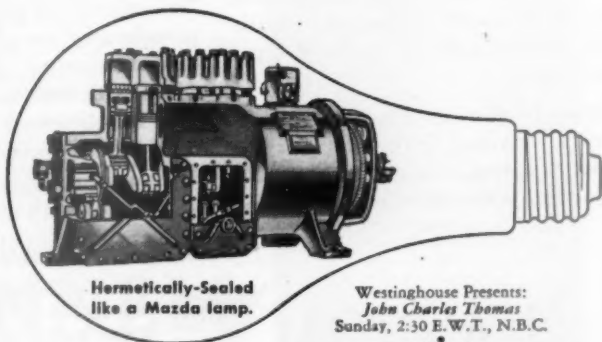
Consult Westinghouse early in the planning of your new or modernized buildings. Phone your nearest Westinghouse office, or write Westinghouse, 150 Pacific Avenue, Jersey City 4, N. J.

THE SERVICE-PROVED HERMETICALLY-SEALED COMPRESSOR

These Westinghouse economy-satisfaction advantages have been proved by years of service in thousands of installations:—

No Shaft Seals. During wartime refrigerant shortages, few Westinghouse systems were ever "down." Why? Because seal leaks, cause of 90% of all system failures, are eliminated.

Few Parts to Wear . . . Direct-Drive Efficiency
. . . Space-Saving Refrigerant-Cooled Motor.



Hermetically-Sealed
like a Mazda lamp.

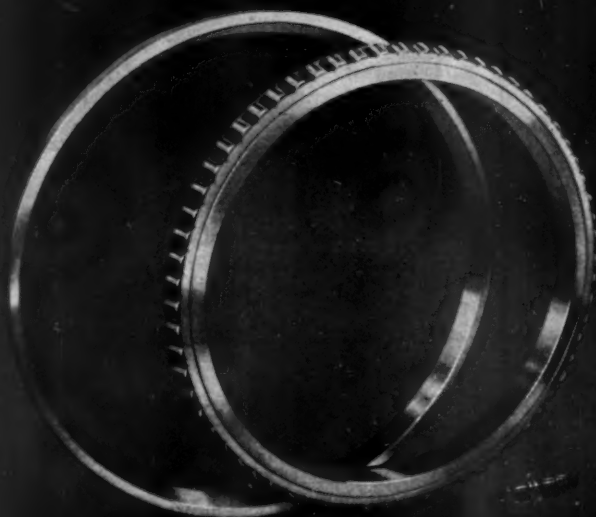
Westinghouse Presents:
John Charles Thomas
Sunday, 2:30 E.W.T., N.B.C.

Ted Malone
Mon. Tues. Wed. 8:00 E.W.T., Blue Net.

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PLANTS IN 25 CITIES . . . OFFICES EVERYWHERE

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FOR ALL TYPES OF BALL AND ROLLER BEARINGS
4 INCH BORE TO 120 INCH OUTSIDE DIAMETER



No Need to Compromise Design

Unusual in its thin cross-section, this KAYDON Single-Row Taper Roller Bearing (precision type) is indicative of the unusual achievements by this organization of specialists in difficult engineering. This type of bearing is made in sizes from 6" to 100" O. D. Dimensions of bearing illustrated above are: 24.000"x30.000"x2.125".

Rarely does a manufacturer invite production of precision bearings so difficult to make as this Single Row Taper Roller Bearing.

KAYDON, however, specializes in making special types of bearings as readily and economically as standard types and sizes.

Atmospheric control in heat treating, rarely provided by special bearing manufacturers, is available at KAYDON. In addition, KAYDON offers added serv-

ices in flame hardening, precision heat treating, metallurgical laboratories, microscopy and physical testing.

No longer need your design be compromised by use of a standard "catalogued" bearing. Counsel in confidence with KAYDON. While vital war-time requirements have precedence, capacity for general production is constantly increasing. Look ahead — and plan ahead — with KAYDON!

KAYDON Types of Standard or Special Bearings:

Spherical Roller • Taper Roller
Ball Radial • Ball Thrust
Roller Radial • Roller Thrust

THE KAYDON ENGINEERING CORP.

MUSKEGON • MICHIGAN

New in Name... Old in Experience

action, there were no test cases as yet to bring a showdown.

• **Two Unions Unhappy**—Employers in the nonessential industries described the inroads made in their working forces as damaging, but not crippling. If no further draft is made, they can continue to operate on only slightly curtailed schedules.

The two unions involved in the initial cut are unhappy but, as Alois Pammer, business agent of the Brewery Workers Union (A.F.L.) put it, "There is nothing the unions can do about it but go along with WMC." More disturbed because it is taking a more serious blow, the United Cement Workers (A.F.L.) charged the WMC is "arbitrary" in its action and challenged contentions that the "war work or no work" plan is voluntary. But neither appears willing to go further than demand that job and seniority rights of "drafted" workers be safeguarded at their home plants, and that the workers' union principles be respected at any war plant to which they are assigned (some of them under contract with C.I.O.).

WMC and the industries, essential and nonessential, agreed.

• **Program Need Disputed**—Many of the workers, including members of the United Automobile Workers (C.I.O.), are inclined to question the need for the program. One of the critical war plants in the district (not, however, receiving transferred workers) is the Mack Truck plant, where U.A.W. workers complain that many weeks they are receiving only 32 hours' work.

Many complaints are heard of the huge Consolidated Vultee Aircraft Corp. plant in Allentown, which has sapped 5,000 workers from the district and is receiving more by transfer.

• **Objector Reconsiders**—Despite the expected grumbling the United States Employment Service office processing the transferred workers reported that of the first 110 men received, only one—a part-time worker who refused to take any full-time employment—refused to heed referral instructions.

One conscientious objector to war caused a flurry when, at first, he refused to go into a plant making materials of war. This man, 59, reconsidered when told that the beer he had been making had been going to battle fronts.

• **Complain of Pay Cut**—Others complained bitterly that in their old jobs they had averaged 90¢ an hour, and in the jobs offered (principally unskilled or semiskilled labor) they could average only 78½¢ to start. But their potential average earnings in the new jobs will be \$1.

They had no choice but to accept—no choice, that is, except to find them-

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es jobless, barred from new em-
ment by WMC job ceilings and
al of certificates of availability.

Tough on Appeals—While shifted
ers are given the right to appeal,
MC promises a "tough attitude"
ch will accept appeals only for (1)
or health, (2) failure of the new job
ake full advantage of the skill and
ities of a worker, and (3) unrea-
able travel.

If an appeal is granted, or if a re-
ed worker cannot be placed, the
mployer must restore his job and fur-
n another transferee for processing
USES.

Seniority Preserved—The method of
ction under the Allentown Plan is
to the labor and management of
n nonessential industry. Presum-
y the traditional union policy of
iority was to prevail, but among the
110 to be drafted was one worker
h 30 years' service in the Neuweiler
ewery.

ay Hike Offered

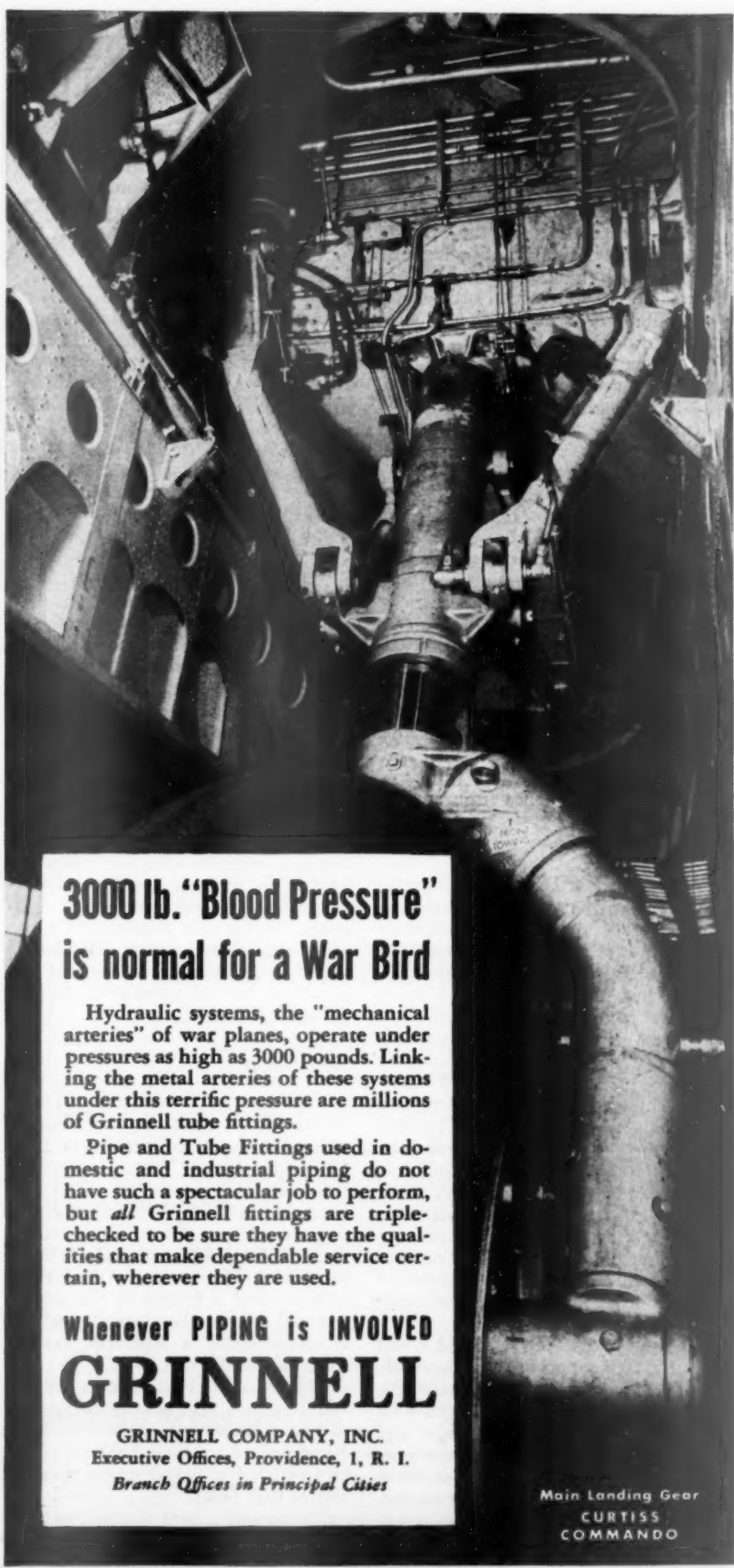
Telephone company action
ds immediate strike threat in
ew York City area. Workers
ll abide by panel decision.

Threats of a crippling strike of local
long lines telephone operators in
New York City area (BW-Dec.30
p.90) were ended at least temporarily
week as the two companies involved,
the New York Telephone Co. and the
merican Telephone & Telegraph Co.,
ered basic wage raises of \$4 a week.
erators had demanded an increase of
a week, a figure recommended last
gust by a special panel appointed by
e National War Labor Board.

Strike Plans Canceled—After the com-
nies announced their willingness to
y the \$4 additional, two independent
ions—the 12,000-member Traffic Em-
oyees Assn. of the New York Tele-
one Co. and the 5,000-member Long
es Telephone Workers—said they
re withdrawing their plans to strike
der the Connally-Smith act.

The long lines operators already had
plied with the 30-day "cooling off"
riod and had voted to strike in a
tional Labor Relations Board elec-
n. The local operators had complied
th all provisions except the NLRB
ction—in this case a formality only.

The wage issue was the only point in
pute between the companies and
ions in independent cases before the
VLB. The companies already had
reed to reduce from twelve to nine
ars the period required for operators



3000 lb. "Blood Pressure" is normal for a War Bird

Hydraulic systems, the "mechanical
arteries" of war planes, operate under
pressures as high as 3000 pounds. Link-
ing the metal arteries of these systems
under this terrific pressure are millions
of Grinnell tube fittings.

Pipe and Tube Fittings used in do-
mestic and industrial piping do not
have such a spectacular job to perform,
but *all* Grinnell fittings are triple-
checked to be sure they have the qual-
ities that make dependable service cer-
tain, wherever they are used.

Whenever PIPING is INVOLVED
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Main Landing Gear
CURTISS
COMMANDO

THE LABOR ANGLE

Lewis

John L. Lewis has his 65th birthday this month—probably one of the most important facts in the current labor outlook. Lewis is heading his miners back into the A.F.L., and this time—after two years of backing and filling—it looks as though he's ready to make the token concessions the federation demands.

Lewis' age and general state of health should be kept in mind in sifting for the truth in all the stories which can be expected once it is officially announced that the miners' union will reaffiliate.

Such an announcement will be useful to organized labor in its constantly conducted psychological warfare to spread the impression that the miners' rapprochement signals a militant turn for the federation and the start of vigorous organizing activity under U.M.W. leadership. The facts are that there is no leader except Lewis in the mine workers' union, that he is not in the best of health, that he is tired, and that he is at an age when whipping up a new crusade has little appeal.

Conventions

The Office of Defense Transportation's travel ban cancels the annual get-together of industrial relations executives at American Management Assn.'s February meeting in Chicago, but, thus far, it is not being applied to union conventions.

Washington would like nothing better than to use this thoroughly legitimate excuse to get 1945 union conventions postponed. There are two cogent reasons for this: (1) Such meetings are invariably attended by an outcropping of labor trouble as local leaders are away from their bailiwicks, and less responsible rank-and-file elements take over; and (2) the more democratic of these conventions will debate the continuance of the no-strike pledge—and some might even be voting to revoke it.

In most cases ODT could count on the tacit support of top union officials for calling off conventions. Many of these men have to stand for reelection at such meetings and expose themselves and their policies to a critical going over. But there would be such a howl from second-

run and local leaders—for many of whom the annual convention trip is a holiday reward for union loyalty—that ODT will consider very carefully before issuing any fiat.

Jurisdiction

Andrew J. Higgins, the Gulf Coast shipbuilder who has announced that he is seeking to cancel his contracts with 33 A.F.L. unions because their jurisdictional wranglings made a "madhouse" of his yards (BW—Jan. 6'45,p105), has earned credit for making a contribution to more stable labor relations for employers in the metalworking industry.

Shocked by the Higgins move, A.F.L.'s metal trades department—to which the 33 Higgins' unions are affiliated—has worked out an inter-union pact which promises quick and final adjudication of jurisdictional disputes. Although the pact has already been ratified by affected unions, its announcement and details will be withheld until there is less possibility of the public's connecting it with the Higgins incident.

The pact specifically prohibits work stoppages and provides for a binding decision—by an outside referee if necessary—within seven days after an interunion dispute develops. If the new arrangement can work without too deeply disturbing vested craft interests, it may be a prototype for an agreement covering all A.F.L. affiliates.

Secession

The newly established Tom Mooney Hall Assn. in New York, which has begun publication of the fortnightly Union Voice, comprises the left-wing locals in C.I.O.'s United Retail & Wholesale Employees. When these locals condemned their international's action in striking Montgomery Ward and were accused of treason by the international officers, they launched what is unmistakably a separatist movement within the U.R.W.E.

Tom Mooney Hall presages either the formation of a new organization in the distribution industry or the beginning of a serious fight for control within the largest union operating in that field.

to rise from lowest to highest brackets (\$20 to \$34).

• **To Accept Panel Decision**—While unions said they will continue their attempt to obtain the full \$5-a-week rate they declared their willingness to abide by any decision made by the new national telephone panel of the NWLB (BW—Dec.23'44,p5).

Retroactivity will be to April 1944, in the A.T.&T. case, and May 28, 1944, in the New York Telephone Co. case. In both, basic wage rates will be increased to \$24 for starters and \$30 for experienced operators with long service. The companies, however, intend that overtime, Sunday, holiday, and night work premium pay has made the average wage of beginners \$50 a week, of experienced operators \$50.

• **Restraint Is Urged**—Meanwhile Pearce Davis, chairman of the national telephone panel, called upon 125,000 telephone workers in 30 disputed cases and 70 voluntary wage increase applications to refrain from strike action while the board undertakes a complete investigation of the industry's wage problems. Strike votes have been taken in Philadelphia and Lorain, Ohio, and tempers have flared in many of the disputes because of delays in action by the NWLB.

In most of the cases before the panel issues go further than basic wages. Also involved are cost-of-living bonuses given operators imported into the community, maintenance of membership, senior progression, arbitration, and general working practices.

Divided Victory

A.F.L. wins six of seven Western Union divisions but C.I.O. achieves main objective of control of New York City area

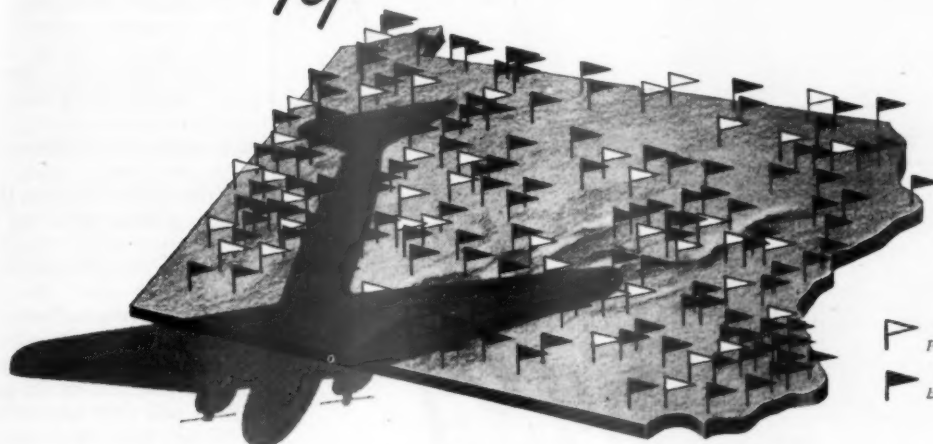
First broad jurisdictional fight between A.F.L. and C.I.O. since the split in 1936 reached a climax last week with A.F.L. the winner in collective bargaining elections for six of Western Union's seven divisions. C.I.O., despite an intensive national campaign, won only the metropolitan New York district. In the other six, results in the National Labor Relations Board were not even close.

• **A.C.A. Wins Objective**—On paper the results appear to be a thumping feat for C.I.O. and its American Communications Assn. In reality, it is from that, for A.C.A. achieved one of its main objectives—control of the metropolitan heart of Western Union in New York City, a circumstance

Aircraft Editor Predicts Pennsylvania will be

one of

Top Aviation Markets



Accessibility to an airport may be a deciding factor in the location of your plant. The Pennsylvania Aeronautics Commission has prepared this airport development plan which would put an airport within 5 miles of every town of 5,000 population.

✦ This State already leads the nation in registered aircraft.

✦ It leads most of the nation in the number of airports (only California and Texas exceed it).

✦ It is third in number of non-airline pilots registered.

Aviation puts Pennsylvania on another of the "cross-roads of the nation." The network of highways, railroads and airlines cross this Keystone State.

Today, when the secret of success in your business may be to get close to rich markets, with lowered freight costs, Pennsylvania may be your best plant location, no matter whether you are in the aviation business or any other.

Write to the State Department of Commerce for information on transportation facilities, freight rates, favorable taxes, labor supplies, plant sites, etc.



Send for a copy

DEPARTMENT OF COMMERCE, HARRISBURG, PA.

Pennsylvania

EDWARD MARTIN
Governor

FLOYD CHALFANT
Secretary of Commerce

Pennsylvania—a fine place to live, a fine place to be in business



MAN WITH THE

X-Ray Eyes

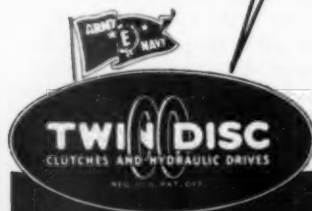
TO SAVE LIVES. That is the lifework of this man in the mask . . . this man with the X-ray eyes who knows each delicate membrane and muscle of the human organism better than he knows the palm of his own steady hand.

To save time and money and back-breaking toil through the development of more efficient methods of power transmission and control. That is the lifework of the men who design and build Twin Disc Friction Clutches and Hydraulic Drives.

Like the surgeon, whose experience has been enriched each time he lays aside his scalpel, each of the ever broadening applications of Twin Disc power links has given Twin Disc engineers a better understanding of the

needs of industrial clutch users . . . an improved ability to meet those needs.

If the product you are building or planning to build requires a connecting link between driving and driven member—either friction or hydraulic—you will do well to remember that Twin Disc has devoted more than 26 years to the study and solution of the manufacturer's power transmission problems. Twin Disc engineers will be glad to give you their recommendations . . . and you can be sure that those recommendations will be given without obligation . . . honestly and impartially as to "friction or hydraulic". TWIN DISC CLUTCH COMPANY, Racine, Wisconsin (Hydraulic Division, Rockford, Illinois).



SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918

which gravely worries some sections of official Washington.

When Western Union and Postal Telegraph were merged under a Federal Communications Commission order on Oct. 8, 1943, A.F.L.'s Commercial Telegraphers Union claimed jurisdiction over some 44,300 employees of Western Union, while C.I.O. A.C.A. was bargaining agent for 23,000 employees of Postal.

• **Demanded Showdown**—One of the many complex problems posed by which union should represent the merged employees (BW—Nov. 27, p. 96). Both claimed majorities, and demanded a showdown election under the National Labor Relations Act.

On the issue of what should constitute the bargaining unit, the A.F.L. and C.I.O. split sharply. A.F.L. called for one election which would cover Western Union's 60,000 employees in 1,900 offices, and cited the precedent of C.I.O.'s election in Postal Telegraph.

C.I.O. called for the breakup of Western Union into more than 100 election districts for the purpose of the NLRB poll (BW—Jul. 15 '44, p. 90).

NLRB, by a 2-to-1 vote, set up seven geographical districts, including one comprising the A.C.A.-dominated metropolitan district of New York City (BW—Oct. 28 '44, p. 96).

• **The Argument**—Adoption of the plan was preceded by warnings that multiple bargaining unit arrangements would make it easier for control of the metropolitan district to go to the A.C.A.—always a part of the left-wing bloc. Several C.I.O. headed by Harry Bridges.

Opposition was based on the argument that the union could spot its most ardent left-wingers in key jobs where they would be privy to government communications, thus providing an opportunity to exercise undue control over the nation's communications. (It was alleged that a Postal telegraph from a Labor Dept. investigator relative to Bridges "leaked out" when handled by an A.C.A. office.)

• **Reilly Voted Down**—With this fact in mind, Gerard D. Reilly, NLRB member, urged strongly that the board order a nationwide election as it had done originally in the Postal case. By the board majority of Harry Miller, chairman, and John M. Houston voted against Reilly. The result was the district poll which made possible A.C.A. victory in its metropolitan stronghold.

On the rejected national basis asked by A.F.L., the vote would have been 20,085 for A.F.L., 10,634 for A.C.A. and 1,064 challenged, void, or neither. Votes totaled 30,783.

• **Much to Win**—For C.I.O. in general more was at stake than control of employees of the vast telegraph

work. Philip Murray, C.I.O. president, had labeled Western Union the No. 1 organizing job for his union, and large sums to aid the minor 18,353-member U.C.A. had been contributed by most of the more affluent groups within C.I.O. Similar importance was placed on the campaign by A.F.L. The reason was clear: Postwar labor union strength hinges more upon consolidation of present union membership than upon bringing into the unions large numbers of common workers.

Weir Asks 5%

National Steel would hike white-collar employees' pay in line with mill increase. Boost may set pattern for industry.

If the National War Labor Board and the Treasury Dept. approve, white-collar workers in the steel industry may get a pay boost commensurate with benefits recently granted by NWLB to their hourly paid brethren in the mills (BW-Dec. 2'44, p16).

Plans 5% Boost—Living up to his reputation for playing a lone hand and always playing first, Ernest T. Weir of National Steel Corp. started the ball rolling last week when he petitioned the two agencies for authority to grant a 5% boost to salaried workers of his company.

Several thousand employees of Weirton Steel Co., Weirton, W. Va., and Steubenville, Ohio; Great Lakes Steel Corp., Detroit; and Hanna Furnace Corp., Buffalo, N. Y., would benefit. **Others to Follow?**—A National Steel spokesman explained that the action was designed to bring the compensation of white-collar workers in line with hourly paid employees who have benefited under the NWLB directive of Nov. 25 granting retroactive shift differentials and other benefits.

If Weir's petition is granted, the rest of the steel industry can be expected to fall in line. In 1941, when a 10% raise was granted to hourly workers, National Steel followed with a like amount for salaried employees. And in 1942, when wage earners won another increase, National Steel's white-collar workers were granted an additional 5%. The new increase would be retroactive to December, 1943.

Contract Signed—Weirton Steel already has signed a contract with the Weirton Independent Union, Inc., incorporating provisions of the NWLB directive, and details are being worked out between company and union.

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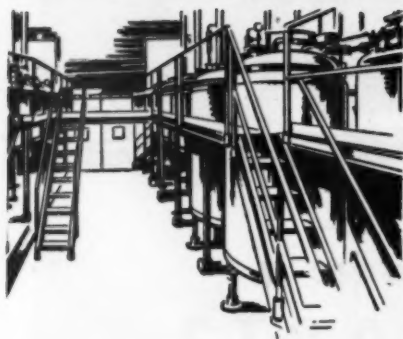
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ENGINEERS AND FABRICATORS OF CORROSION RESISTANT PROCESS EQUIPMENT

Unions Speak Up

Opposition to soldiers in war plants brings demand for investigation by Congress from Louisville, New Orleans groups.

When the Army moved recently to ease a home-front manpower shortage by shuttling soldiers into critical war industry (BW—Jan. 13'45, p104), labor viewed the practice with misgivings. As a possible step toward a labor draft it was opposed by unions; at the same time, an outcry against the practice might be construed as hampering the war effort.

• **Outspoken Protests**—Last week in Louisville, Ky., and New Orleans, La., the gloves came off, and unions attacked the Army policy—which can be used to place soldiers in plants with union contracts, yet prevent the unions from exercising usual controls over the men.

The Kentucky State Federation of Labor and the Louisville Central Labor Union (both A.F.L.) protested a proposal to send 150 soldiers to the Indiana Ordnance Plant at Charlestown, Ind., as "a smoke screen . . . to ram national service down our throats." The two groups charged that at another war plant, Tube Turns, Inc., 400 workers were laid off and 150 soldiers, on 90-day furloughs, were hired.

The labor groups demanded an investigation by Congress.

• **Behind Schedule**—The Army—which previously had indicated that 16,000 men have been released on furloughs to war plants, and that it wants most of them back—retorted that twelve large war plants in the Louisville area are 5% to 25% behind production goals because of the manpower shortage. It said the soldier workers in many instances were men from overseas fighting zones who are due to be discharged but are being kept in uniform for 90 days—or until civilian workers are available to replace them—in order to man war plants.

Army officials added that its program at the Indiana Ordnance Plant had the indorsement of the local A.F.L. union involved.

• **U.A.W. Speaks Up**—In New Orleans, the executive board of the United Automobile Workers (C.I.O.) made official a stand its officers had taken on soldier-labor: If the men are necessary to bolster production, discharge them instead of furloughing them (with Army control retained) into plants.

The U.A.W. also criticized continued drafting of men from war plants at a time when the Army finds it necessary to place soldiers into industry.



GOOD FROM BAD

By serving as plastic molds when burned out, fluorescent light tubes are doing double duty at Baltimore's Glenn L. Martin plant. Cut off at one end, each long glass cylinder is natural for forming smooth plastic rods used as stiffeners and tool handles. Although the tubes must be broken to free the rods as they emerge from curing ovens, the mold supply is virtually inexhaustible at the big plant. Previously, the tubes were discarded.

PORTAL PAY ORDER TESTED

Foundations were laid this week for court test of the U. S. Wage-Hour Division's authority to extend the portal-to-portal pay principle to logging operations in the Pacific Northwest (BW—Dec. 9'44, p102).

In U. S. District Court at Portland the division asked an injunction restraining Smith Wood Products, Inc., Coquille, Ore., from "further violation of the wage-hour law."

The government labor agency asserted that Smith's cutters and riggers must travel from 1½ to 2 hours a day, in company trucks, between the entrance to the property and their working place, and that, contrary to the policy enacted by the division in December, they are not paid for this travel time.

Fewer than 50 woodsmen are affected by the proceeding, but the outcome holds the interest of both employers and unions in the logging camps.

Portal-to-portal pay, a 1943 addi-

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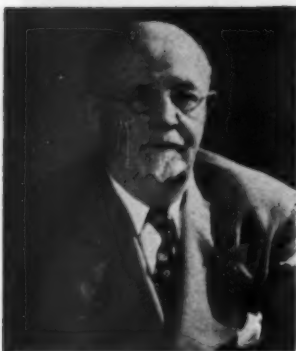
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January 31, 1945.

dum to the United Mine Workers coal mine contract (BW—May 27, p96), was sustained in principle by the U. S. Supreme Court as applicable to the iron ore mines of the Tennessee Coal, Iron & R.R. Co. (BW—Apr. 14, p18). Workers in other fields, under the same principle, have won pay for time spent in changing clothes (BW—Sep. 16 '44, p102).

Seniority Test

Regional war labor board says selective service act is designed to protect serviceman not to give him an advantage

Ever since the first discharged veterans began to show up for jobs in industry, the problem of defining the extent of seniority to be allowed them under the selective service act has been debated by labor and management.

● **Unions Disagree**—Basis of most of the arguments has been interpretation of selective service provisions that a returning veteran is entitled to reinstatement in his former position, or one of like seniority, status, and pay, even if reinstatement necessitates discharge of a nonveteran with greater seniority.

Unions have opposed this "super seniority" and have contended that returning veterans should receive only simple seniority—allowance for service time added to accrued seniority, if any at the time they entered service.

● **Labor Board Support**—Recently the argument reached the Boston regional war labor board in a proposal by the Scoville Mfg. Co. to give veterans prior claim to work over all other employees for the first year of re-employment, by exempting them from seniority rules as applied to layoffs.

The International Union of Mine Mill & Smelter Workers (C.I.O.) opposed including such a provision in the contract, and a labor board panel recommendation supported its argument.

The regional board upheld the panel ruling that the intent of the selective service act is not to give a returning serviceman an advantage over other workers, but is to protect him against loss of seniority.

● **Means Little Now**—While this ruling apparently provides the backing for unions in their argument before the National War Labor Board for simple seniority, strong grounds exist for the superseniority advocates. Federal court decisions have upheld selective service claims of unqualified preference for returning servicemen.

As long as there is a manpower shortage...

the arguments mean little. Only sharp reductions in war-inflated personnel come will the full force of the struggle for jobs and seniority protection (BW—Dec. 30'44, p104) be felt.

Fight Expected—It is likely that when time comes selective service itself will enter the fight actively. Skirmishes before NWLB now are preliminary to a superseniority battle. They are being undertaken with the realization that collective bargaining contracts can be superseded by federal laws—as in a recent U.S. Supreme Court decision which barred discrimination against negroes in contracts between 21 southern railroads and the Brotherhood of Locomotive Firemen & Engineers (BW—Dec. 23'44, p100).

U.A.W. Protests

Union objects to Navy's plan to take over operation of Arsenal from Westinghouse; it fears loss of members.

Formal protest by the C.I.O. against plans of the Navy to take over operation of privately managed arsenals next summer, on the grounds that the change, during wartime, will work to the detriment of the employees and break down morale has induced the Navy to "reconsider" its decision.

Fear Membership Drop—The United Auto Workers, first C.I.O. unit to be affected, objected to the transfer of management of the Center Line Arsenal at Detroit from Westinghouse Electric Mfg. Co. to the Navy.

The U.A.W. saw in the forthcoming Center Line transfer, originally scheduled for July 1, the loss of many members, as most of the 5,500 workers at the plant now hold union cards. U.A.W. obtained its bargaining powers for Arsenal employees when Hudson Motor Car Co. originally began to operate the plant.

Murray Joins Protest—The U.A.W. objections were paralleled by the written protest of Philip Murray, C.I.O. president, to Ralph Bard, Under Secretary of Navy. Murray's letter referred not only to Detroit, but also to Westinghouse-operated plants at Canton, Ohio, and Louisville, Ky.

Murray told Bard he did not believe it was possible "to deprive 15,000 workers of their seniority protection, lower their wages, and abolish an established procedure for settlement of their grievances without profound effects on production and morale."

No Contract With U. S.—At Detroit, meanwhile, the U.A.W. was posing a



Lay those Pistols down!

Listen, Mr. Office Manager—you can't fight a duel with yourself at twenty paces! You're not really two people. You're only trying to be. Many other office managers, during these confused war days, also feel desperate. But many found an answer to their troubles . . . when they called in that ace trouble-shooter—

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set of open questions to the Navy dealing with the problems developed in Murray's letter. Those questions were answered last week end in Navy pamphlets distributed to all employees.

The answers pointed out that even though the employees might be members of the U.A.W., under civil service rules, the government would enter into no contract with the union. Also described were grievance procedures available to civil service employees, similar to those now in effect under the U.A.W. bargaining contract.

• **Most Rates Unchanged**—As to wages, it was brought out that new pay rates are now being considered by the regional war labor board.

Although it was admitted, as the union claimed, that some scales would drop noticeably, it was stated by a Navy spokesman that there would be little change in most rates, and that some would be higher than at present.

Impressed, apparently, by C.I.O. insistence that output would decline during the process of "de-contracting" the union, the Navy seems inclined to revise its original plans.

U.S. Takes Over

Army acts quickly after strike on tiny Utah railroad threatens copper output. Union demands locomotive "helpers."

Despite findings against them by an emergency mediation board panel, appointed under provisions of the railway labor act, 37 engineers of the 18-mi. Bingham & Garfield Ry., operating between the Utah Copper Co. mine and the Garfield (Utah) smelters, went on strike Jan. 25.

• **Involves Big Output**—Three hours after the men walked off, the American flag was hoisted over the company headquarters as Col. W. H. Hastings took over the railway for the Army under presidential order. Reason for the fast action: Small as the strike was, it imperiled 28% of the nation's production of war-vital copper, the output of the Utah company's gigantic open-pit mine, and the processing of its low-grade

ore at the American Smelting, Refining & Mining Co. smelters at Garfield.

While the strike had its comic aspects, it caused genuine alarm in government circles. Had the strike continued, more than 5,000 mine and smelter workers would have gone into enforced idleness. Both the mine and smelter would have had to shut down. The Utah ores are of such low grade, less than 10% copper content, that stockpiling of ores during the strike would have been impossible.

• **Switching Trouble**—The B. & G. Railway hauls ore from the Bingham mine to the company's mills at Magna and Arthur, and switches copper concentrates from the mills to the adjacent Garfield smelters. But the entire "system" was not involved in the labor dispute.

It centered around three electric switch locomotives, one at the Bingham terminal and two at the smelter mills.

The Brotherhood of Firemen & Enginemen demanded that firemen "helpers" be placed on each of the electric locomotives. The mediation panel could cover no duties for the second man since no accident had ever occurred. Lack of a second man, the panel declared no safety feature was involved.

• **Handles the Ore**—The Bingham locomotive receives ore cars from the mine, makes up the ore trains, hauled by steam locomotives to the company's mills. At Magna and Arthur the cars are turned over to electric for switching to the mills. The remaining electric locomotive switches the completed concentrates from the mills to the American Smelting Refining & Mining Co. smelters at Garfield.

The entire radius of operation for the three switch locomotives is less than 1 mi.

The strike may have set a record for high potential damage to the nation's war economy compared to the number of men and the amount of tracks involved.



SNOWSTORMS CHILL WAR PRODUCTION

At the height of a blizzard, homeward-bound war workers struggle to free their cars from fender-deep drifts in the General Electric Co. parking lot at Schenectady, N. Y. For many of these essential motorists the 11-in. blanket, which piled up at the rate of an inch an hour recently, meant a long walk home and absence from the job until public transportation got back to normal. To G.E. management it meant extra pressure and difficulties in meeting production schedules—a recurring headache that wintry storms are causing across the land.

NLRB POLICY UPHELD

Orders issued by the National Labor Relations Board against employers are applicable to their successors and assigns. On this ground, the Regal Knitwear Co., Inc., of New York City appealed a board order to cease certain labor practices, claiming that it would tend to hamper future sale or transfer of an employer's business.

The U. S. Supreme Court held the week, however, in a 6-3 opinion, that inclusion of successors and assigns was not an illegal provision. The majority pointed out that, in any event, the fe

FARMER'S ALMANACK

Forecast for 1945

JANUARY is a good month to do hoping. Most of us need to do some all the time. But folks that work for a living had better count on keeping on working. Knowing how to work always has come in handy, regardless of politics.

Prices of securities will fluctuate throughout the year. Seed-beds of investments should be kept well protected. Spells of high winds come now and then. War Bonds should be held through the year, as they mature regardless of weather and the fruits are wholesome and safe for young and old. Taxes will cause bother and some pain, especially in March. Constant applications of heat to parts affected and to the body politic are the best palliative.

Some good business men are going to be accused of hurting their country. But don't take too much stock in this. Business will do a fine production job, regardless of profits. A business that can make money is usually a well-run business, which helps everybody, more than everybody thinks.

Many folks will be worried about things that won't happen, and there will be a lot of arguments about the future of the world. Some folks will act with good sense, patience and integrity. And some won't. Some politicians will say they got a mandate to tear up something and change our country around, forgetting that the only mandate a candidate ever gets is to be a good, honest American in big print letters, without any little print. Things around the world will somehow change in our favor. We are going to be a bigger and maybe a better nation.



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eral rules of civil procedure will govern where a successor or assignee appears in the picture.

Chief Justice Harlan F. Stone, in a dissenting opinion, declared that it was a misuse of authority for a court, as well as for NLRB itself, to threaten the NLRB not subject to its command. The NLRB orders have not been challenged in this respect before was significant to Justice Stone only as showing how ready employers and the lower courts have been to acquiesce when a jury didn't seem to be immediate.

BRAKES EASED ON TIRES

Until Gov. Earl Warren eased California's restrictions on their working hours last week, the 3,500 women employed at the four tire-building plants in the Los Angeles area were permitted to work only eight hours a day and, in the absence of special authority, 40 hours a week.

The eight-hour limitation still stands but for a 120-day period the women may work 56 hours a week—seven eight-hour days without the statutory day rest—on military tires.

How much this will stimulate production for the Army remains to be demonstrated. Under special permits, some of the women have been working 48 hours a week. But the governor's relaxation order, issued at the urgent request of Under Secretary of War Robert Patterson, is purely permissive, imposing no obligation on the part of the women to comply.

Warren limited the relaxation to 120 days in the belief that this would ease military tire production past the crisis. Plants affected are those of Goodrich, Goodyear, Firestone, and U. S. Rubber.

TO REVIEW BRIDGES CASE

A final decision by the U. S. Supreme Court in the long-drawn-out struggle of Harry Bridges, West Coast C.I.O. leader and president of the International Longshoremen's & Warehousemen's Union, to avoid deportation to Australia as an undesirable alien (BV Jul. 1 '44, p106) was assured this week as the court agreed to review his case.

Bridges was ordered deported three years ago by Attorney General Frank Biddle, on the ground that he was a member of the Communist Party, and that the party advocates violent overthrow of the U. S. government.

The high court refused to permit the Communist Political Assn., successor to the party, to support Bridges' case by presentation of material designed to show Biddle was wrong in his conclusion that the Communist objectives in the United States.

THE WAR AND BUSINESS ABROAD

BUSINESS WEEK

JANUARY 3, 1945



International maneuvering preliminary to the Big Three conference is in its last climactic stage (page 15).

Roosevelt emissaries—mainly Hopkins and Byrnes—are rounding out preconference stage-setting with talks in Rome, after extensive negotiations in London and Paris.

Churchill is bolstering Britain's position by coordinating his country's economic bargaining power, by lining up Labor Party leaders who are willing to support his Greek policy (Sir Walter Citrine acted as a bellwether for Labor this week when he publicly backed London's actions in Athens), and by acceding to Roosevelt's principal proposals for cooperative action in driving a bargain with Stalin.

Meanwhile, Moscow is shrewdly rounding out its hold on all territory to which the Russians lay claim or which they intend to dominate as a special sphere of influence.

Stalin—with his armies closing in on Berlin—is in an especially strong position to assert his claims and win his points.

Roosevelt enters this conference full of desperate hope but in a tough spot.

Last-minute discussions with the British have focused on fundamentals of European policy which outline a job something like this:

(1) To draw up a detailed Big-Three plan for handling affairs in liberated countries until they are able to assume that responsibility themselves.

(2) To help rebuild France into a major power to provide—with Russia—an effective nutcracker against future German aggression.

(3) To create a political council which will deal with European questions from a long-term point of view and agree on bases of united policy to govern political, territorial, and economic settlements in the various countries.

Even if Roosevelt and Churchill reach some agreement on these key issues (and there is no assurance yet that it has been reached), the real test will be their combined ability to sell them to Stalin.

Because Roosevelt is relying heavily on using this country's newly streamlined economic power as a diplomatic battering-ram in all pending international negotiations (BW—Jan. 20 '45, p111), watch developments in the important economic division of the State Dept.

It looks increasingly as though William L. Clayton, Assistant Secretary, is going to be the big man in the department.

He knows what he wants, and how to get it.

He is by far the ablest of the Stettinius aides.

He is going to create a big, carefully organized economic division, and its chief goal will be trade expansion.

Although politics will dominate this country's relations with certain countries, Clayton and his bold new international program are likely to soar into the limelight very soon and ultimately to be the dominant force in shaping foreign policy.

Special conditions will control plans in a few areas, and it is time for business to take note of them.

Despite recent reports that Washington will relax controls over trade with North Africa and the Middle East, don't look for a rush of business.

U. S. government policy is to leave Middle Eastern markets mainly to the British—an offset for our determined stand on unrestricted compe-

THE WAR AND BUSINESS ABROAD (Continued)

BUSINESS WEEK

FEBRUARY 3, 1945

tition in such old British trade preserves as the Caribbean and Latin America.

James Landis, special representative at the Middle East Supply Center, in Cairo (BW—Dec. 4'43, p47), refused to accept that point of view, and this was partially responsible for his recent resignation and return to this country.

Opponents of Washington's determined stand to hold aloof from competition for Middle East markets point bitterly to the possible effect on this country's oil holdings in the Persian Gulf area, and to the fact that Russia is already surveying the region and obviously preparing to play a much bigger role in its commercial development.

More significant to a larger body of U. S. business is Washington's decision to compromise on the cartel issue, and not force the British to break their raw materials monopolies abruptly.

Edward Mason, Clayton's chief assistant, is an anticartellist, but he is too practical to force a showdown with the British before there is a chance of winning.

The Justice Dept.'s Wendell Berge (whose book, "Cartels: Challenge to a Free World," hit the headlines when ballyhooed in a Walter Winchell broadcast) does not, and is not likely to, dictate Washington's official cartel policy.

Closely to be followed, because of the Pan-American conference due to open in Mexico City on Feb. 22, is Washington's realistic new decision to compromise the whole cantankerous Argentine issue in view of growing trade possibilities in Latin America.

At the Mexican meeting, you can, therefore, look for the U. S. to do one of two things:

Hold a brief preliminary session at which it will be decided to invite Argentina to rush delegates to the formal meetings;

Or decide to hold a second conference some time in the near future to which Argentina would be invited.

Though ostensibly yielding to Buenos Aires, the new policy makers in the State Dept. really have a practical plan.

Washington, during the last year, has bungled Argentine policy badly.

Every move by the U. S. has been made so tardily and so half-heartedly that it has had little effect but to make this country a laughing stock among Argentina's neighbors (BW—Apr. 15'44, p112).

Plan now is to wipe out a set of bumbling diplomatic actions, change the whole manner in which Argentine policy has been carried out, and set the stage for something new.

It is no longer any secret in either Washington or Buenos Aires that Argentina—if it is squeezed economically—is prepared to fight, eventually, for control over a large bloc of territory in South America. Main opponent in any such conflict would be Brazil.

Current angle of this worrisome possibility is that German money now pouring into Argentina through Switzerland and Spain is said to be great enough to buy out small neighboring states and to finance the war.

As anticipated a year ago (BW—Jan. 22'44, p103), "while the fascists are losing the war in Europe, they are sprouting postwar plans in our own back yard."

Coffee Scare

Rumors of rationing, wild buying, and low stocks combine to give OPA plenty of trouble. Price dispute is responsible.

If coffee rationing returns to the American scene—and it may—it will be the result of a combination of circumstances beyond the control of OPA.

Stocks Are Low—The biggest single factor currently may be scare buying by consumers, intensified last week by Brew Pearson's radio prediction of coffee rationing, heard by millions of housewives. Not even OPA can safely predict the effects of a wave of hoarding at a time when stocks are comparatively low, and arrivals uncertain and sporadic. The rumor that rationing is imminent has circulated ever since South American producers began last year to withhold coffee in anticipation of an advance in the U. S. ceiling price. Although there has been no letup in growers' efforts to crack the ceiling, coffee continues to reach the U. S. in small lots, and there is no tendency in Washington to change the price.

Record Imports—That coffee is still available is partly attributable to sales by small producers, but largely to the fact that the National Coffee Dept. of Brazil, a government agency, sold 1,000,000 bags monthly from government stocks until the end of 1944.

After importing a record total of 19,400,000 bags in 1944, the United States began the year with stocks estimated at 4,250,000 bags and year-end purchases, undelivered, of more than 10,000,000 bags. In all, this amounts to between four and five months' backlog. Requirements for the armed forces and lend-lease in 1945 are tentatively placed at 4,000,000 bags.

Neither Side Gives—The growers' situation is based on the gamble that Washington will raise the coffee ceiling before it will restart rationing. They feel that their holdout is justified on the ground that production costs have risen until selling at the current ceiling is unprofitable.

But Washington is equally adamant. It has been pointed out, for instance, that Latin-American inflation is not the fault of the United States. In fact, OPA insists, U. S. ceilings have protected Brazilian buyers, and any rises in costs of U. S. goods sold in Brazil result from jacking of prices at that end

of the line. OPA is holding firmly to the ceiling price on coffee because breaking it would have far-reaching repercussions both at home and abroad. If coffee prices were boosted, the price of sugar—over which Washington agencies have been haggling with Cuba for months (BW—Nov. 18 '44, p. 21)—would have to be raised, and the clamor that would rise from foreign suppliers of other goods would be considerable.

• **Remembers Surpluses**—Brazil is most vocal in its criticism of the U. S. price policy, possibly because it was plagued with tremendous coffee surpluses for more than a decade before the war, and because it continues to be the world's largest producer.

Brazilian production tailspinned from an annual average of 21,500,000 bags over a decade ago to less than 10,000,000 bags. The current crop is expected to count between 8,000,000 and 9,000,-

000 bags. The drop has been partly planned, but bad weather and labor shortages recently have aggravated the decline. Production elsewhere in Latin America has expanded.

During the period of coffee surpluses in the thirties, prices were lowered by cut-throat competition, despite efforts of producers to get together on sales quotas. The crushing blow, however, was the loss of the 10,000,000-bag European market after 1939.

• **Quotas Assigned**—In 1940, after months of discussion, the Inter-American Coffee Agreement was signed, and quotas were assigned to producing countries to make up a total slightly above sales in previous years (BW—Nov. 16 '40, p. 66). A board, comprising representatives of 14 producer nations and one U. S. consumer delegate, was established to arrange quotas annually.

Between 1940 and December, 1941,



INCLUDING THE SCANDINAVIANS

Underscoring the international scramble for postwar air traffic agreements is a meeting in Stockholm of officials of British Overseas Airways Corp. and Sweden's Aerotransport. Purpose and result of the session, which brought together (left to right) Brig. Gen. A. C. Critchley, B.O.A.C. director general; Capt. C. Florman, Aerotransport's managing director; Lord Willingdon, and Air Marshal Sir William Welsh, also of B.O.A.C., are not disclosed. But it is representative of bilateral agreements being pushed by major powers. Britain, whose proposals were defeated at the Chicago air conference (BW—Dec. 9 '44, p. 15), is wasting no time in bulwarking its position, already has set the stage to start flights to South America as soon as possible. The United States, major factor in tomorrow's commercial air battle, has been busy, too. U. S. representatives met secretly with Canada's this week in New York, it was reported.

when OPA froze coffee prices at 13¢ a lb., the price had doubled. There were no kicks from producers in 1941, but through the war years, labor has drifted to more remunerative jobs, costs of transportation, bags, and other items in production costs have doubled or tripled.

• **Below the Average**—Coffee growers emphasize that the current ceiling is 5% below the average annual price during the last 30 years. However, the price is more than 30% higher than the annual average of the last ten years, and also above the average price over the last 35, 40, or 50 years.

The Inter-American Coffee Board devoted several months to an investigation of the problem faced by coffee producers, and submitted a report to OPA. From OPA it went directly to the White House.

• **Decision Still Stands**—Last November, upward adjustment of the price was vetoed in a conference attended by War Mobilization Director James Byrnes, Economic Stabilization Director Fred M. Vinson, Price Administrator Chester Bowles, War Food Administrator Marvin Jones, and Edward Cale, chairman of the Inter-American Coffee Board. The decision has been assailed and appealed, but it still stands.

Soft Drink Battle

Dominance in Chilean market hinges on trade fight raging between Coca-Cola and Orange Crush.

SANTIAGO, Chile—Typical of U. S. promotion drives for new markets in Latin America is the battle now being waged in Chile by Coca-Cola and Orange Crush for dominance in the Chilean market and, eventually, of the entire West Coast of South America.

• **Orange Crush Scores**—Three-year-old Coca-Cola efforts to develop the Chilean market received a competitive prod when Orange Crush managed to develop a local supply of inexpensive bottles, swept into the popular market at the beginning of last December with a huge advertising campaign, and found an immediately favorable reception.

But the advantage is only temporary. The outmaneuvered local Coca-Cola management jumped immediately into the fray, has already opened a new bottling plant of its own at Valparaiso, is buying even more space in Chilean newspapers (and on local radio stations).

• **Three-Year Start**—This beverage battle has been developing for some time and is typical of the revived competi-



FOR CHINA'S FUTURE

In Chungking, Maj. Gen. Patrick Hurley, U. S. Ambassador to China, and Generalissimo Chiang Kai-shek come to an understanding over China's gravest need—political unity. Gen. Hurley, delegated to help Chiang's Kuomintang party make its peace with the Communist government of northwest China, is reported achieving some success. An end to China's political friction will permit a greater concentration of strength against the Japanese and encourage China's plans for industrialization.

tion in many lines as signs multiply that wartime restrictions may soon be eased.

Coca-Cola has been established in Chile for three years, but until recently its popularity has been pretty well confined to the smart, cosmopolitan hotels and bars. Sales in the "boliches," heart of the lower-class Chilean market for such drinks, were greatly hindered by the fact that Coca-Cola was forced from the beginning to organize its local bottling and distribution system through Concha y Toro, Chile's leading wine distillers.

• **Use Chilean Oranges**—A year ago, Orange Crush maneuvered something of a commercial coup when Ernest Irvin, its manager on the West Coast of South America, succeeded in doing something that Coca-Cola and Pepsi-Cola and other U. S. beverage dispensers had long failed to do. Irvin signed a contract with the Companie Cervecerias Unidas, the powerful Chilean beer monopoly, to bottle and dis-

tribute Orange Crush and its junior product, Bidu (a cola drink), in Chile.

With complete bottling machinery imported from the U. S.—and with a widely publicized contract with the Chilean Orange Growers Assn. for the use of a large part of Chile's orange crop—Orange Crush made its debut in Chile in December. Delighted officials of Cervecerias Unidas, two weeks later reported that Orange Crush had made the grade in the middle- and low-class bars where sales volume is greatest.

• **Showdown Battle**—Immediately, Irvin, busily traveling around Peru, Bolivia, and Ecuador, announced that Orange Crush would soon be on sale along the coast through special arrangements with distributors in various countries.

Coca-Cola, meanwhile, has launched its own bottling plant in Chile and set the stage for a showdown battle for the West Coast market.

Mexico Hunts Oil

Official petroleum trust will add six prospecting crews in effort to increase country production in 1945.

MEXICO, D. F.—With an accuracy and timeliness rare in Mexican official agencies, Petroleos Mexicanos, the government oil trust, has issued a report on the company's activities during 1944 and plans for 1945—which has already created a favorable stir in the business community.

• **Drill Near Border**—Most interesting item for business leaders in the U. S. is the announcement that test wells will be drilled in areas near the U. S. border where prospecting crews last year found important traces of petroleum deposits believed to be an extension of the Texas oil fields.

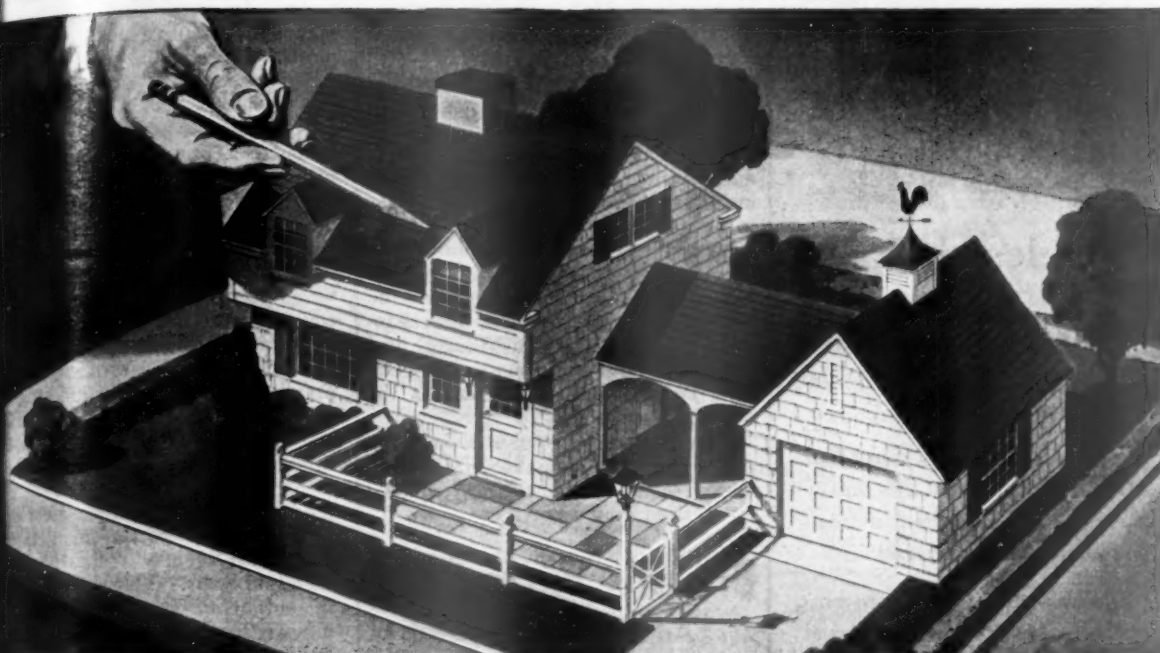
At the same time, Mexican industrialists in neighboring Monterrey have announced that they will build a refinery if test wells prove that these deposits are as extensive as now believed.

• **More Prospecting**—Not content with last year's efforts to boost Mexican oil production, PEMEX has seriously curtailed output of Petroleos Mexicanos (known locally as Pemex) plans to add six new prospecting crews to the 24 in the field this year, to boost the general operating budget from \$79,000,000 to \$87,000,000, and to push petroleum output to last year's total of 36,120,000 bbl. more than 46,250,000 in 1945.

For the first time, PEMEX's budget contains, in compliance with a presidential decree of Dec. 1, 1944, a sec-

Do you know...?

Quiz on timely production short-cuts—No. 12



Q. Postwar prefabricated houses like this may cost as little as:
☐ \$2,000 ☐ \$7,500 ☐ \$15,000

A. Economies made possible by mass production may permit a price as low as \$7,500 for a house of this type. One of the important mass-production techniques in this field will be the use of pressure-sensitive tapes in manufacture, shipping and assembly.

bly. Permacel paper masking tape will speed color-separation painting of walls and woodwork. Permacel moisture-proof cloth tape (Utilitape) will protect metal parts against corrosion during shipment. Permacel double-faced tape will hold "liners" on enamel fixtures in transit and during installation. Permacel cloth tape (Jonflex), used to bundle related parts, will speed assembly. And these are but a few of many time and money saving uses.



Protective enamel on aircraft engines is dried at temperatures up to:

☐ 100° ☐ 300° ☐ 500°

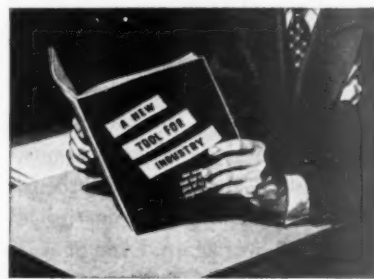
To speed production, temperatures in drying ovens are often raised to 300°. At such temperatures, however, ordinary paper masking tape on unpainted portions of the engine quickly falls off. To meet this problem, Permacel Tape developed a special Permacel temperature masking tape which sticks despite temperature variations, strips clean, leaves sharp, clear-cut lines.



Q. This postwar package may be sealed with the same tape now used to:

☐ Protect wing ribs ☐ Insulate wires
☐ Seal shell canisters

A. Permacel's companion, Tixel cellophane tape—now used for protecting wing ribs and for many other war jobs—will find many applications in postwar packaging. Shirt envelopes, candy boxes, suspender and garter containers are but a few of many items this quick-sticking, transparent tape will help to seal better.



Q. The title of this booklet refers to:

☐ Electricity ☐ Tape
☐ New-type wrench

A. Pressure-sensitive tape. This free booklet shows how Permacel Industrial Tapes speed production and cut costs at every step of a product's progress along the production line. Illustrates and lists many applications that may be helpful in your business during conversion and in peacetime. Write for your copy today: Dept. BW-12, Industrial Tape Corporation, New Brunswick, N. J.

IMPORTANT: Our research laboratories are at your disposal for development of special tapes to meet war or postwar needs.

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Give a workman a 'Budgit' electric hoist to do the lifting and you provide an efficient helper who demands no wages.

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Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

providing for the setting aside of 10% of the corporation's income in order to pay back to the Mexican government the indemnity settlements paid, and to be paid in the future, by the latter to the expropriated British and U.S. oil companies.

• **To Enlarge Refinery**—Besides setting aside \$10,900,000 for the purchase of equipment and raw material needed to carry out the company's general production program, nearly \$16,000,000 is included in an extraordinary budget to be spent principally on the enlargement of the Atzacapotzalco refinery near Mexico City so that it can produce high-octane aviation fuel, and on the modernization of the Poza Rica handling facilities (largest in Mexico), near Tampico, as well as the existing pipeline from Poza Rica to the refinery in the Federal District.

PEMEX reports total sales last year of a little more than \$68,500,000, of which slightly more than \$1,000,000 was derived from exports.

Brazil's Exports

Adjustment of standards of quality and price of exports is considered by government as postwar aid to foreign trade.

SAO PAULO—Brazil, frightened by a series of recent foreign trade setbacks, may set the pace in Latin America in adjusting war inflated exports to standards of both quality and price which can meet world competition after the war.

• **Prices Watched**—The problem was forced into the open some time ago when Brazil attempted to resist U. S. efforts to hold coffee prices at OPA ceiling prices. It recurred recently when several shipments of manufactured goods were turned back from the U. S. because prices were above ceilings permitted by OPA, and again when Canada returned a shipment of hosiery because the Dominion's Prices Board refused to adjust its ceiling to the "inflated" Brazilian level.

While some producers have admittedly been charging whatever the traffic would bear with the intention of returning to prewar production levels when they could no longer meet export competition profitably, the government has other plans.

• **Tariff Protection Talked**—Like some other Latin-American countries, Brazil believes it can compete in world markets after the war if it makes an effort to cut costs and to meet foreign standards of style and quality. Brazil is es-

pecially confident that it can meet competition in textile lines, and is optimistically preparing to improve production methods in plywood and pulp factories. In some cases, manufacturers hope only to replace imports with home produced goods; in others, Brazilian producers expect to drive for extensive export outlets.

Holding the high wartime level output is a prime objective of government officials in Rio, and there is increased discussion of tariff legislation to protect "infant" industries.

• **Swing Toward Industry**—Although nearly all statistical data on Brazil may be suspect—chiefly because the census coverage has changed from time to time—the trend toward industrialization is unmistakable. Recent official estimates put the value of Brazil's industrial output in 1943 at \$1,565,000,000, or 50% above the figure for 1938. Perhaps one-third of this rise is accounted for by increased price of goods, but the latest census of industrial employment shows a 50% rise in workers in 1943 compared with 1938.

• **Output Soars**—Valuewise, the increase in output of the chief branches of industry has been spectacular (figures in millions of dollars):

	1943	1938
Foodstuffs	500	155
Textiles, yarns	310	231
Shoes, clothing	110	21
Chemicals, drugs	105	76
Building materials	95	32
Metals	85	57
Paper, printing	70	26
Lumber, furniture	60	45
Machinery, tools	25	17
Rubber goods, tires	25	2

• **Vargas States Policy**—Brazilian manufacturers expect a contraction in the output and profits to follow the end of the war and are conferring on measures to counteract this contingency. The latest speech of President Vargas delivered to the Sao Paulo Commercial Assn., sums up the official view of postwar industrial policy should be:

(1) Trade must expand, but foreign firms must not be permitted to dominate Brazilian production.

(2) Efforts must be made to reduce dependence on large-scale export of a few cultural products and raw materials by increased industrialization with resultant standards of domestic income and consumption.

(3) Tariffs must be used prudently to protect national industries which endeavor to produce at competitive prices.

(4) Immigration of European technicians and skilled workers should be encouraged.

(5) The wartime practice of extracting large profits through the hiking of prices and speculation in scarce goods must be stopped and measures taken to assure reasonable costs of production and fair profits.

ANADA

Quebec Pays Way

Analysis of prospective benefits under family allowance shows province antes up ratio to compensation.

OTTAWA—When Canada's cradle-of-the-grave security plan was unveiled nearly two years ago (BW—Mar. 27 '43), arguments were heated over how cost would be met, and who would be to shoulder the biggest share of the load.

Ontario yelped with the prospect of paying more in its share under the plan to provide children's allowances. Quebec, it argued, would get the bulk of the money on account of the many large families in that province.

Ottawa has finally completed a statistical analysis of this problem, and revealed that Quebec is more than paying its way. The experts stick to their original estimate that the family allowance scheme will cost \$256,000,000 a year. But recipients will forfeit dependent's income tax deductions so the actual cost to the treasury will be less than the estimate would seem indicate.

Starts July 1—Family allowance payments are to start July 1, and at that time 3,536,000 minors are expected to be eligible for payments. A breakdown of this figure shows:

Age Group	No. of Children	% of Total	Monthly Allowance
0-5	1,424,900	40.2	\$5
6-9	839,700	23.8	6
10-12	618,400	17.5	7
13-12	652,900	18.5	8

How Provinces Stand—In the analysis the give-and-take of taxes and benefits of the Maritime and Prairie provinces the only ones which will receive a substantially larger share of benefits compared with the share of taxes paid, the Ontario will receive a much larger part of total benefits than the portion of Dominion taxes that it

The breakdown is as follows (figures in millions of dollars):

Taxes Paid*	%	Benefits	%
Maritimes .. 109	4	28	11
Quebec 905	34	84	33
Ontario 1,235	47	75	29
Manitoba 186	7	54	21
British Col. . 206	8	15	6

*Combined direct and indirect taxes.

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THE MARKETS (FINANCE SECTION—PAGE 52)

Despite signs that many investors and traders—influenced by favorable war news—were becoming "nervous Nellies," stocks generally staged a pretty convincing performance late last week. There was a fair start toward regaining some of the sharp losses sustained over a discouragingly long string of reactionary trading sessions on the New York Stock Exchange.

• **War Stocks Participate**—Particularly significant and pleasing to Wall Street's growing bullish contingent was the manner in which many of the armament, steel, and rail shares, usually expected to be most vulnerable to an early peace in Europe, participated with "peace" stocks in last week's rally.

This group describes this as further confirmation of their convictions that earlier fears about the reconversion period will eventually be outweighed marketwise by the pressure of idle funds seeking investment and by many other factors. These include a more realistic appraisal of the favorable outlook for industrial and railroad earnings during the postwar years because of the gigantic war-created shortages of necessary civilian goods.

• **Market Is Apprehensive**—Despite the confidence of the bullish group, however, the stock market in the early days of this week has been paying considerable attention to the crisis in the European war situation. The market disclosed, principally in the rail shares, more than a little apprehension concerning the possible immediate effects of a German collapse.

This week the zip of the recent rally has been conspicuous by its absence. It has been replaced, instead, by an anxiety

on the part of some market participants over reconversion problems and this has resulted in a rather steady volume of selling and cautionary profit-taking which on Tuesday sent trading activity to its highest levels in over a week.

• **Others React, Too**—While the rail and other armament-rated issues have been providing the bulk of trading, it is noticeable that stocks of companies having good peacetime possibilities have been feeling the brunt of some selling, too.

However, the Street's optimistic market seers aren't alarmed by this relapse, and it would not surprise them to see similar spells of weakness and buying hesitation continue for some time to come. They think it but natural that present conditions should invite speculative selling and breed caution on the buying side.

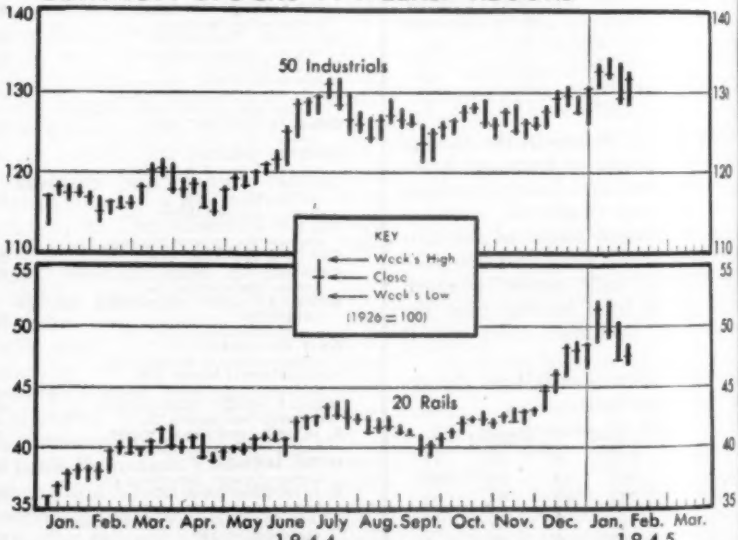
• **"Peace Is Bullish"**—They say that all they have been claiming right along (and thus far they have been far more correct in their predictions than the other side) is that peace is fundamentally bullish and that its advent should cause less of a shakeout than many expect.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ...	131.7	129.2	130.5	116.8
Railroad	47.6	47.2	48.5	38.2
Utility	58.2	57.4	56.5	50.5
Bonds				
Industrial ...	121.4	121.3	121.1	119.4
Railroad	113.1	113.2	113.9	105.1
Utility	116.8	116.7	117.3	115.6

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

© BUSINESS WEEK

THE TRADING POST

Incentive Pay

Everyone seems agreed that increased production of civilian goods will be essential if we are to have a sustained high level of prosperity in the postwar years. Sometimes wonder if that isn't putting the cart before the horse. There will be no occasion for increased production unless there are increased sales. An earlier review of postwar sales (BW—Dec. 9 '44, p. 119) told of the firms studied planned to compensate salesmen with basic salaries, bonuses, instead of by the more haphazard arrangement of commissions on sales volume.

There are many variations of the plus-bonus idea, and no one plan fits all kinds of selling. But there seems to be a definite trend toward bonus payments on net profit, rather than gross sales.

A sales manager for a steel and wire company writes that, under present conditions, his salesmen are on a straight commission basis because of directives that keep out of the salesman's hands any incentive as to what is sold, or where shipped. But, he continues:

"At the moment we can, we are going back to an incentive plan, which we have found satisfactory."

"We pay a salesman a monthly drawing account, which pretty much goes to his wife in the home. We pay him a fixed amount per week for his expenses, depending on territory, and make sure that he spends his money wisely."

"In addition, we set up a tonnage quota. We pay him a bonus for every ton over quota, according to the profit returned to the company. For instance, a ton of netting might pay six times what a ton of nails."

"A good salesman will jump high for a nice plum, and I am waiting for the day when there will be such plums, and there will be salesmen who again are permitted to jump."

* * *

Continuing research, in an effort to increase the postwar efficiency of the selling and distributing section of American business structure, appears necessary to (1) reward properly the salesman for his efforts, and (2) to require greater efforts to serve the customer, who, in the final analysis, is the one with the power to decide how much shall be purchased and what the results shall be.

Such research will have to take many millions of new buyers have entered on the scene since the pro-

duction and marketing schedules of 1939 were disrupted, or at least unsettled, by the outbreak of war. Many old buyers have moved. Some will move again before the transition to peace is completed. No one can guarantee that the postwar customers will want the same things they wanted before—in the same packages, at the same prices, and with the same methods of distribution.

The postwar market will be in a state of flux for many months, perhaps for several years. So today's perfectly logical plan for meeting customer demands may well be outmoded before full-scale production again is reached.

The place of incentive pay in postwar production also appears to be worthy of further study, for the prosperity we seek will require not only greater production, but more efficient production as well.

Financial incentives have been used effectively in numerous plants producing for war. One steel strip mill reported production 50% greater than top estimates within one year after installation of the incentive system, because the engineers had no way of estimating what human ingenuity can accomplish when the reward is a definite share of the measurable increase in output.

* * *

Incentive plans, whether applied to selling or producing, obviously can work to the satisfaction of all only when they are inaugurated in an atmosphere of mutual confidence.

Confidence can be inspired best by completely frank discussions of the objectives sought. No worker could be expected willingly to accept a "speed-up" proposal if he were convinced that it would result in his losing his job sooner than if he continued to work at his normal pace.

On the other hand, if a workman were convinced that a general increase in effort, with accompanying fatter pay envelopes for those who participated in that effort, would add to the buying power of the nation, increase his company's sales, and thus give him a larger share of the greater production, he might readily accept.

If investors, management, and labor all approach the postwar period convinced that each group will share in the profits of increased efficiency resulting from full utilization of technological progress, manual skill, and brainpower, the task of achieving that efficiency should not be too difficult. W.C.

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THE TREND

POSTWAR SERVICE JOBS—A MIRAGE?

Businessmen and economists have frequently taken it for granted that "service" industries would—indeed, must—contribute more than their share to the job expansion involved in postwar full employment. But this supposition has had less than its share of analysis. A first attempt to wrestle with it is the study by E. F. Denison published by the Dept. of Commerce this week.*

Origin of the hope placed in service jobs is easy to trace. Agriculture, which accounted for just under 20% of all 1940 workers, has for decades been relatively a declining employer, and even manufacturing—over 23% of 1940 jobs—employed fewer people in 1929 than in 1919 (BW—Apr. 24 '43, p116). Hence, it is sometimes felt, activities other than "commodity production" (which also would include the 7% of 1940 jobs in mining and construction) "must" provide the postwar gains.

• But neither analytically nor historically does the theory about this other "service" job category (with 50% of 1940 employment) hold up. From 1870 to 1920 the proportion of "service" jobs to the total increased only because agriculture was going down from over 50% of all employment to 25% or so; "services" remained at a steady 50% of all nonfarm jobs. It was not until 1920-1930 that "services" went up. Then they rose to 55% of all nonfarm jobs and, by 1940, had increased to 59%.

However, government services (roughly 8% of 1940 employment) accounted for almost all the 1930-1940 over-all "service" gain; and we must weigh future public service expansion against the taxes we wish to pay. As for private "services," transportation and public utilities (7%) are only as active as "commodity production" is high, and their job share actually declined in the twenties and thirties. Trade jobs (about 17%)—wholesaling and retailing of the goods that the farms and factories produce—went up as a percentage of the total only because efficiency in labor use did not rise as fast here as in production (though it may in the future). Bank, insurance, and real estate work (3%) first rose, then fell. So finally we come down to personal and professional services strictly (15% or so of the 1940 total).

• These last are the services that Denison studies—the other "service" fields being so varied in nature and behavior as to defy any attempt at grouping.

He includes roughly 1,600,000 jobs (on a full-time basis in 1943) in domestic service, some 600,000 in laundries and cleaning establishments, 450,000 in barber shops and beauty parlors, 550,000 in hotels and lodging places, 350,000 in business and commercial services, 450,000 in motion pictures and amusements, perhaps

450,000 in repair and hand services, 850,000 in home and medical care, 350,000 in legal, engineering, and scientific services, and 700,000 in private education, religious, and nonprofit organization services. This totals about 6,000,000 full-time 1943 jobs—a bit below the 1940 level.

• In Denison's analysis the annual statistics from 1919 to 1940 reveal a close year-by-year relationship between domestic service and all nonfarm employment—including that people hire servants when they can afford to, but during the war half a million domestics have taken other, better-paying jobs. Other personal and professional services altogether moved closely with total nonfarm jobs from 1919 to 1924, spurted 40% to a million higher level between 1925 and 1930, and then, at a higher level, again moved in close harmony with the nonfarm total all during the thirties and pretty much through the war.

Only the 1925-1930 jump in nondomestic services provides any real basis for postwar hopes. Perhaps it gives spurt when people have had a chance to "grow up" to higher incomes. This condition obtained only in the late twenties, but it might return to sustain a postwar boom once we had attained that boom. Typical developments of the late twenties bearing on this point are the growth in higher education, hospital care, and vacation resorts. Or it might be that that last spurt was caused by a coincidence of technological and commercial innovations—a coincidence that can be less surely foretold now. In the twenties the innovations were laundries, movies, beauty parlors.

What stands out most clearly from a detailed analysis of service industries is their potpourri character. It reveals different trends, influences, potentials. For the longer range there may be great possibilities in health, education, and recreation, say, but expansion must be measured against the low-employment volume from which these services start—and must be weighed against possible declines in other services (television destroys movie-house jobs, perhaps).

• Certainly for the immediate future, we had best reject recent prewar trends. Thus Denison figures that if we had in 1948 the moderate unemployment of 1943, full-time service jobs might expand only about a million. Resumption of the service spurt of the late twenties would add at most 200,000 more jobs. Full employment assumptions lift the estimate only slightly. In the postwar planners had best figure on immediate postwar prospects of, at most, 600,000 to 900,000 more service jobs than now or prewar—a rise of around 10%.

* Basic previous statistical study: Weintraub and Magdoff in *Econometrica*, October, 1940.

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